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NEWS SUMMARY

GENERAL

Thatcher pledge on homes for foreigners

The Prime Minister said the Government would consider changing the law which gives homeless foreigners a right to housing on arrival in Britain.

Her statement follows an Appeal Court ruling which gave an Ethiopian war refugee the right to a home in the London Borough of Hillingdon. Page 7

Alexandra Palace blaze

More than 200 firemen were fighting a major blaze at London's Alexandra Palace. The Great Hall was severely damaged.

But a weekend jazz festival scheduled to take place in the grounds is to go ahead.

Ayatollah plot

An alleged plot to bomb from the air the home of Ayatollah Khomeini in Iran has been uncovered.

Jets' near miss

A light plane nearly collided with a British Airways Boeing 707 taking off from New York's Kennedy Airport. Seconds later, a Trans World Airlines jet reported a near miss with the same plane.

No apology

Labour MP Jeff Rooker has refused to withdraw bribery allegations against Rolls-Royce. The company said his refusal damaged both it and British industry.

Miners' stand

The National Union of Mineworkers wants the trade union movement to refuse to recognise the Employment Bill, and is seeking a campaign of non-cooperation by the TUC. Page 10

Five extradited

Five West German women suspected of urban guerrilla activities were flown to Munich after being extradited from France.

Music talks

The BBC and the Musicians' Union will attend separate talks at the Advisory, Conciliation and Arbitration Service in an attempt to end their dispute. Page 10

Libel damages

Former Labour MP for Birmingham Selly Oak Tom Litterick received "substantial" damages for an inaccurate Press report suggesting he failed to provide for his family after the break-up of his marriage.

Mafia challenged

A Rome-based public works consortium has refused to pay the Mafia in Calabria Llbn (£505,000) in protection money to ensure completion of a highway in Southern Italy. Page 3

'Tis a pity

A group of prostitutes in Lerida, Spain, had their claim to a 6.5m peseta (£39,000) National Lottery win rejected, as they had bought a stolen ticket.

Briefly . . .

Seven people were hurt when a car mounted the pavement at Rayleigh, Essex, scattering shoppers.

Doctors have called for a £5 charge for calling out ambulances to answer emergency calls.

Strike by Olympic Airways flight attendants was ended by Greek Government arbitration order.

Customs investigators seized three kilos of cocaine, worth more than £500,000, at Folkestone.

Tour de France favourite Bernard Hinault (France), the race leader, retired because of injury.

BUSINESS

Gilts off 0.02; Equities unsettled

● GILTS marked time after Wednesday's late price rises. There were limited sales of the new tap stock—Treasury 12 per cent 1987—which closed at £20¼. The Government Securities index closed 0.02 down at 70.71. Page 40

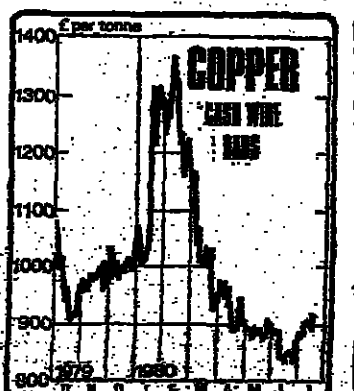
● EQUITIES were unsettled by the Imperial Group's lower profits forecast. The FT 30-share index fell 3.6 to close at 489.4. Page 40

● DOLLAR weakened in quiet trading, closing at DM 1.7380 (DM 1.7410). Its trade weighted index was unchanged at 82.8. Page 33

● STERLING gained 25 points to close at $2.3755. Its trade weighted index was unchanged at 74.4. Page 33

● GOLD fell $3 in London to close at $666.5. Page 33

● COPPER prices rose to their highest level since the end of April on the London Metal Exchange after reports of a Peruvian copper workers' strike. The cash wirebars price increased £20 to £915 a tonne. Page 39



● WALL STREET was down 4.10 at 893.17 near the close. Page 34

Union car sales move by BL

● BL representatives and senior union officials are looking at ways of encouraging union members to buy the company's cars. Cheap loan schemes and cash reductions are being considered. Page 8

● EUROPEAN Court of Justice rejected an appeal by Distillers of the UK which wanted the court to overrule an EEC ban on the company's two-tier whisky pricing system. Back Page

● POLAND is near to securing a $300-$350m loan on the Euro-currency market after discussions in London with leading international banks. Back Page

● SHORT BROTHERS of Belfast is to spend up to £15m developing a new enlarged version of its 330 "commuter airliner." Page 7

● SECURITY PACIFIC, the second largest Californian bank, is planning a major entry into the UK mortgage market. Page 8

● OFFICE RENTS have stopped rising in many parts of the country according to more than 60 per cent of replies to a national survey by the Royal Institution of Chartered Surveyors and the Financial Times. Page 10

COMPANIES

● IMPERIAL, the tobacco, food and drinks group, ended the half year to April 30 with pre-tax profits up £0.5m at £68.5m Page 26; Lex, Back Page

● SOTHEBY Parke-Bernet, fine art auctioneers, improved pre-tax profits from £4.32m to £4.8m for the six months to the end of February. Page 26; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 3pc 1985	£79½	+ ½
Treas. 8½pc 1997	£77¼	+ ½
Akroyd & Smithers	366	+ 11
Burnett Hallamshire	760	+ 50
Crouch (D.)	160	+ 8
Downing (G. H.)	124	+ 11
Dowty	227	+ 8
Ferranti	644	+ 14
Hill Samuel	133	+ 5
Home Charm	106	+ 9
Howard Tenens	77	+ 6
Howden Group	93	+ 4½
ICL	171	+ 7
Marlborough Prop.	36	+ 4
Mercantile House	286	+ 14
Midland Bank	365	+ 7
Prince Wales Hotels	93	+ 8
Racal Elec.	275	+ 7
600 Group	65	+ 4
Stanhope General	200	+ 40
Tebbitt	34	+ 5
Vinten	152	+ 8
Waddington (J.)	138	+ 8
Walker (Jas.) N/V	76	+ 6
Strata Oil	115	+ 17
FALLS		
Allied Colloids	107	− 5
Assd. Dairies	172	− 6
Christies Intnl.	210	− 16
Imperial Group	81½	− 8
Jamesons Chocolates	46	− 6
Polly Peck	116	− 12
Sothebys	500	− 45
Utd. Gas Inds.	68	− 7
BP	352	− 8
Clyde Petroleum	535	− 25
Tricentrol	364	− 12
Allstate	80	− 10
Int. Mining	37	− 5
Messina	215	− 15
Metals Explor.	54	− 5

OECD says battle against inflation 'seriously undermined' by oil price rises

Gloom on world economy

BY ROBERT MAUTHER IN PARIS

THE ORGANISATION for Economic Co-operation and Development, grouping the West's 24 most highly industrialised nations, yesterday painted a gloomy picture of the world economy over the next 12 months, mitigated only by a modest improvement in the rate of inflation.

In its six-monthly Economic Outlook, the Organisation's Secretariat said the progress made last year towards more balanced and less inflationary growth had been seriously undermined by a second major round of oil price increases in 1979-80. An important part of the depressing effect on output of these oil price rises had still to come through and the impact might be quite strong throughout 1981.

A price rise of more than 130 per cent since the end of 1978 had raised the area's net oil import bill by an amount equivalent to 2 per cent of gross national product, had increased the general price level by several percentage points and might have reduced the OECD countries' real economic growth by as much as 5 per cent by the end of 1981, compared to what it otherwise would have been.

At a Press conference, Dr. Sylvia Ostry, head of the Organisation's Economics and Statistics Department, said the 5 per cent impact of oil prices on GNP was a "mind-boggling figure." But there were some grounds for confidence that the "growth recession" would be shallower than it was after the first round of oil price rises in 1973-74.

One of the brighter aspects of the present situation was that not all countries in the area were facing a recession, according to OECD calculations. While GNP was expected to fall by 2 per cent at an annual rate in the U.S. over the next 12 months, it would remain roughly unchanged in western Europe as a whole and increase by nearly 4 per cent in Japan.

Wage behaviour, too, had been more moderate than after the first oil price rise, though the UK was one of the outstanding exceptions to the general trend. "The apparent success so far in absorbing real income losses from higher oil prices without a significant acceleration in money incomes is likely to be sustained," the report said.

The Organisation forecasts a moderate slowdown in consumer price inflation from a 12 per cent annual rate in the early part of 1980 to a little less than 10 per cent in the first half of 1981 for the area as a whole. Inflation among the larger member countries by the middle of next year could range from an annual rate of 3.5 per cent in West Germany to 16 per cent in Italy, with even bigger differences between the rates of the smaller countries.

But the OECD stresses that, in spite of the expected slowdown in price rises, the underlying rate of inflation would remain too high, particularly in the U.S. In the circumstances, there was no alternative to maintaining tight monetary and fiscal policies.

If inflation in the industrialised countries appears to have passed its peak, unemployment is expected to jump alarmingly as the result of the sharp decline in economic activity. The Organisation forecasts that the number of jobless would increase in the area as a whole by as much as 3m over the next 12 months, reaching 23m, or nearly 7 per cent of the total labour force, by mid-1981.

The rise in the price of imported oil since the end of 1978 has played havoc with the area's current balance of payments deficit, which is expected to double between 1979 and 1980 to $81bn. But Dr. Ostry found some comfort in the forecast that it would decline to an annual rate of about $50bn by the first half of 1981 and that 40 per cent of the shortfall would be borne by the two strongest economies, Japan and West Germany.

An important factor in this improvement was the predicted increase in the industrialised countries' exports to the OPEC oil producers. Although the OECD area's payments for OPEC oil were expected to be about $90bn higher in 1980 than last year, its exports to the oil-producing countries were also forecast to rise by $50bn.

Details: Page 2; Editorial Comment Page 24

Jobless 'to rise 75% in Britain'

By Peter Riddell and Philip Rawstorne

UNEMPLOYMENT AMONG young people in the UK next year is likely to be 75 per cent above its average level last year, the Paris-based Organisation for Economic Co-operation and Development warns today.

The report forecasts that unemployment among young people aged between 16 and 24 is likely to have risen from 8 to 14 per cent between 1979 and 1981. Moreover, these figures exclude school leavers and adult students.

Youth unemployment is also expected to rise sharply in other industrialised countries, though by a smaller percentage than in the UK. The report warns that youth unemployment at the expected levels—13 per cent next year in the six largest industrialised countries—represents a "serious social problem."

Overall, the OECD expects that unemployment in Great Britain, including school leavers, will rise from about 6 per cent this year to a little above 8 per cent by mid-1981. This implies a total of roughly 1.9m in Great Britain, or about 2m for the UK

This warning comes at a time when the Government is showing signs of increasing concern about the unemployment prospects, particularly for young people. Work is already under way on studies of possible improvements in training and work experience schemes.

The OECD report is broadly in line with other leading forecasts in projecting a sharp fall this year both in output—down 2¼ per cent—and profits with a further decline in the first half of 1981.

A marked slowdown is also expected in the inflation rate. It is assumed that monetary restraint and rising unemployment will lead to a deceleration in the annual rate of earnings growth from about 20 per cent now to just over 15 per cent in the first half of 1981.

The annual rate of consumer price inflation is expected to drop from nearly 19 per cent in the first half of this year to just over 14 per cent in the first half of 1981.

Meanwhile, Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday confirmed the Budget forecast that the 12-month rate of retail price inflation would fall to 16.5 per cent by November.

He told the Commons that Government orders for the annual uprating of pensions

Continued on Back Page
Parliament Page 11

SE report seeks major rule changes

BY CHRISTINE MOIR

COMPANY LAW and Stock Exchange rules need substantial revision if the "covert" and "potentially inequitable" way in which De Beers Consolidated Mines built up a 25 per cent stake in Consolidated Gold Fields, is to be avoided in the future, said a Stock Exchange report published yesterday.

In a rare exposure of the workings of the Stock Exchange, a special committee, under Mr. Nicholas Assheton (sic), has drawn aside the curtains on an episode dubbed the "February dawn raid," which will prove highly embarrassing to the exchange.

The committee's report follows a four-month study of the way De Beers acquired 14 per cent of Gold Fields without disclosing its identity or registering its shares, and then bought a further 10 per cent in under half an hour in the market on February 12.

Both transactions involved the co-operation of two Stock Exchange member firms—Akroyd and Smithers, jobbers, and Rowe and Pitman, which acted as De Beers' London brokers.

The first stage of the operation was possible only because of a weaknes [sic] in UK company law which requires holders of 5 per cent or more of a company's shares to disclose their identity, yet fails to cover cases where several parties, acting in concert, each hold just under 5 per cent.

The transactions were also possible because of the ability of buyers to delay registration

When it comes to the "dawn raid," conducted by Rowe and Pitman with the help of four jobbing firms, the report stops short of overt criticism of the parties and does not recommend such raids be officially proscribed in favour of formal partial bids.

The council did recommend a 30 minute halt in trading before a raid, and questioned whether Jobbers should be allowed to "sell short" (commit shares they do not already own), during a raid. These proposed changes will meet with considerable opposition.

Mr. John Robertson, senior partner of Wedd Durlacher, jobbers, said yesterday that the notion of a 30-minute trading halt had "not been thought through."

Unlike normal suspensions of trading, which precede an announcement, the delay would follow one and trading or "near trading," would take place off the floor during the halt.

The council itself is deeply split over jobbers "selling short." Some believe they should be given unfettered freedom to do so, others believe that definite limits should be introduced—similar to those which apply when jobbers acquire shares for their books during a placing.

One dealer said yesterday that the jobbers believe "the spotlight is on us not to be greedy during a raid."

Throughout the report, the committee stress that no party acted outside the law or broke any formal stock exchange rules. However, it consistently questions and exposes the details of an operation which "went as far as the law allowed, in the wish to maintain total secrecy."

Details, Page 8;
Editorial Comment, Page 24;
Lex, Back Page

MAIN POINTS

- "Dawn raids" should continue to be allowed.
- Buyers should be free to acquire up to 30 per cent without having to make any form of bid either by tender or as a partial bid. . . but:
- Broking firms carrying out the raid should announce it formally in the Stock Exchange.
- Raids should not start before 9.30, when the market opens.
- The Stock Exchange should suspend dealings for 30 minutes once the announcement is made.
- The broker should agree with the jobbers the price and amount of the raid by matching buyers and sellers and the amount the jobbers would "sell short."

UK fishing bans ruled 'illegal'

BY RICHARD MOONEY

THE EUROPEAN COURT ruled yesterday that Britain had acted illegally when it imposed unilateral fish conservation measures in 1977 and 1978.

Details of the court's ruling will be considered by officials when received in London, the Ministry of Agriculture said. Meanwhile, existing UK regulations, imposed to prevent certain fish stocks being wiped out while a common EEC fisheries policy was negotiated, remain in force.

The British Government must decide whether to accept the ruling or defy the court as the French did earlier this year over its ban on British lamb imports. In previous cases, notably over potatoes and subsidies to pig producers, Britain has always abided by European Court rulings.

There is no appeal against European Court rulings but neither are there any penalities for ignoring them.

The ruling covers the extension of a ban on fishing for the production of animal feed in the so-called "Norway Pout Box," and bans on herring-fishing off Northern Ireland and around the Isle of Man.

The court said these measures contravened the Treaty of Rome, the EEC's founding treaty. It said they were detrimental to other fishermen and caused considerable damage to another member state (Denmark).

They had been taken without consulting with the EEC Commission or seeking its agreement, it added.

Of these banks only the Pout Box extension remains as a unilateral measure. The other two have since been adopted by the EEC Commission. And even the Pout Box measure is not being applied at the moment because the British extension applies only between October and March.

In reaching its decision the court appears to have adopted the strictest reading of the Hague Agreement, 1976—allowing imposition of national measures — and assumed that prior Commission approval was needed. The British reading had been that the Commission was entitled to be consulted

Background, Page 39:
Men and Matters, Page 24

£ in New York

--	July 9	Previous
Spot	$2.3745-3755	$2.3705-3715
1 month	1.70-1.63 dis.	1.65-1.59 dis
3 months	4.15-4.08 dis.	3.67-3.61 dis
12 months	8.35-8.20 dis.	8.10-7.95 dis

Ford slashes dividend

BY STEWART FLEMING IN NEW YORK

FORD MOTOR, which analysts predict could announce a second quarter loss of as much as $500m (£210m) soon, yesterday slashed its third quarter dividend from $1 to 30 cents in response to the tightening cash squeeze it is facing. The dividend is payable on September 2 to holders registered on August 1.

The New York Stock Exchange suspended trading in Ford shares before the announcement. The last transaction before suspension took place at $26⅞, and the shares reopened later unchanged, reflecting the fact that investors have become accustomed to gloomy pronouncements from the recession-struck motor industry and are well aware of Ford's cash problems.

Mr. Philip Caldwell, chairman of Ford the second largest U.S. car manufacturer, bluntly spelled out the reasons behind the dividend cut. "Ford," he said, "is taking prudent steps to improve its financial position and cash flow, including previously announced programmes in North America to reduce annual operating costs by $1.5bn and to conserve capital by reducing discretionary spending by $2.5bn between now and 1984."

The company's capital spending requirements, which he said would average an unprecedented $4bn a year between now and 1984, made these steps necessary in view of the declining profits and sales in the U.S. and the fact that "sales in some markets outside the U.S. are also suffering from the effects of economic downturns."

Some analysts have suggested that this year Ford could lose $2bn on its U.S. operations and the company is feverishly working to cut its costs. This week all but one of its U.S. plants have been temporarily closed.

On Wednesday, it emerged that the company was in very preliminary discussions with two Japanese rivals, Toyota and Toyo Kogyo on a possible joint venture in the U.S. in the small car market.

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For latest Share Index 'phone 01-246 8026

Over £200m loss forecast for EEC synthetic fibres

BY GILES MERRITT IN BRUSSELS

EUROPE'S man-made fibres industry is certain to lose well over $500m (£210m) this year, although the dozen chemicals giants that make up the industry had originally expected to break even and end five consecutive years of losses.

The assessment has been made by the Paris-based Comité Internationale de la Rayonne et du Fibre Synthethique (CIRFS), the industry's umbrella organisation. It blames the level of continuing losses on the specially competitive position of rival U.S. producers who have been making major inroads into EEC markets.

Thanks to the cheaper petrochemical feedstocks derived from domestic price controls on oil and gas, CIRFS alleges, the U.S. industry has enjoyed a built-in price advantage of about 15 per cent on polyester yarns and 10 per cent on acrylic staple.

In addition, U.S.-produced man-made fibres are also alleged to have been dumped on the EEC market. The European Commission has mounted anti-dumping probes into acrylic and polyester pricing practices and is due soon to announce tough measures to exclude unfairly low-priced polyester filament yarn.

CIRFS said yesterday that of the $500m-plus in financial losses that will be declared by its member companies for 1980, over $200m will be due to lost sales and depressed prices in the polyester filament yarn and staple market.

It added that these losses, which are 40 per cent higher than 1979's combined losses are considered "conservative estimates." They do not take into account domestic economic conditions in the UK, notably the effect of sterling's strength on export sales in the second half of this year, nor the financial charges that the hard-hit Italian industry must still negotiate with its government.

CIRFS emphasises that the losses of the major producers will probably be spread fairly evenly across the board. Only the small speciality fibres sector is understood to be showing any profits this year. The six major areas which, in addition to polyesters and acrylics, include nylon carpet yarns and staple and polyamide, are all believed to be showing serious losses.

Moscow offers troop reductions

By Anthony Robinson, East Europe Correspondent

THE SOVIET delegate to the mutual and balanced force reduction (MBFR) talks in Vienna yesterday responded to last December's Western proposal for troop reductions by offering to withdraw 20,000 Soviet troops from its land forces in Central Europe.

The Western proposal was for the reduction of 30,000 Soviet troops in return for the withdrawal of 13,000 U.S. troops but the Soviet delegate, Mr. Nikolai Tarasov, claimed that the 20,000 troop Soviet offer was a "significant concession" in view of the unilateral withdrawal of up to 20,000 troops and 1,000 tanks from East Germany.

Two contingents

This withdrawal was announced by Soviet President Leonid Brezhnev in East Berlin last October and two contingents of troops and tanks have already been withdrawn.

Western delegates agreed to consider the latest Soviet offer and a counter-proposal is expected to be made before the current session ends for the summer break. A Western spokesman commented, however, that the Soviet offer "does not represent a comprehensive approach and covers only certain issues."

In particular the latest Soviet offer makes no reference to the vexed question of data agreement. Failure to agree on how to evaluate the number and quality of troops and equipment on both sides has been a major stumbling bloc throughout the seven years of negotiations so far.

No reference

Last December the Western side put forward proposals for a simplified agreement on data but the latest Soviet proposal makes no reference to it. Instead the Soviet side put forward proposals for a new mechanism to regulate the so-called "post phase two" withdrawal problems now under discussion.

APPEAL BY W. GERMAN MOTOR INDUSTRY

Japan urged to curb car exports

BY KEVIN DONE IN FRANKFURT

WEST GERMAN motor industry leaders have joined the chorus of European car producers demanding greater restraint from Japanese exporters.

The Japanese have nearly doubled their share of the West German car market in the first five months of this year, and the impact of their push into the market has been increased by the surprisingly sharp fall in demand for new cars in the Federal Republic this year.

Herr Horst Backsmann, president of the West German Motor Industry Federation, warned Japanese car manufacturers that the West German industry would be able to hold back demands for protectionist measures only if the Japanese reciprocated with a "more responsible and restrained export strategy."

The industry is still confident it can counter the Japanese challenge on a technological level. But doubt is growing about West German manufacturers' ability to live with Japanese car-makers' economic and social advantages.

Japanese manufacturers enjoyed a cost advantage of 20-25 per cent over German car-makers, Herr Backsmann claimed.

The effective number of hours put in by a West German car worker each year was lower than in any of the Federal Republic's competitor countries, while labour costs were among the highest.

The average wage costs (including social costs) of keeping a car worker employed were DM 25.00 (£6) an hour last year against only DM 15.00 an hour in Japan. At the same time, the number of hours worked annually in the West German motor industry had fallen to less than 1,600 hours for each worker, compared with about 2,000 in Japan.

Also, the number of days worked annually in the West German industry had slumped to 201 against about 275 in Japan.

Motor manufacturers are spending heavily to try to keep pace with the competitive challenge from Japan and other producers. Capital expenditure is expected to jump this year to a record DM 9.5bn (£2.29bn)—a third more than Japanese are spending — compared with DM 7.4bn in 1979 and DM 5.7bn in 1978.

After five boom years, a fall in car sales had been expected this year, but manufacturers have been surprised at the steepness of the decline. The one consolation has been the continuing strength of commercial vehicle sales.

According to the latest figures, car production fell by 9 per cent in the first six months of this year, to 1.97m vehicles, compared with 2.16m in the first half of 1979. The main slump has come in the domestic market where new registrations have fallen by 13 per cent in the first six months to 1.39m and a growing share of these sales has been going to the Japanese.

Exports have held up well with a fall of only 1 per cent to 1.03m in the first half of 1980. But West German manufacturers fear export sales, too, will weaken over the next six months as they are caught up in the recession hitting other markets.

In the first five months of the year, imported cars have taken just over a quarter (25.1 per cent) of the West German market, compared with 22.8 per cent in the same period last year.

Japanese cars have nearly doubled their share to 8.7 per cent (4.7 per cent in the first five months of 1979), while both French and Italian producers—with 10 per cent and 4.2 per cent respectively — have seen slight falls in their penetration of the market.

Commercial vehicle sales and production are still to be hit by the recession and are benefiting from the continuing high level of capital investment by German manufacturing industry, and the strong demand from abroad.

Commercial vehicle output rose by 8 per cent to 179,400 vehicles in the first half of 1980, with exports jumping by 16 per cent to 103,900. New registrations in West Germany increased by 1 per cent to 93,100.

IMPORTERS SHARE OF THE WEST GERMAN MARKET

	1970	1975	1978	1979	Jan.-May 1979	Jan.-May 1980
France	13.8	13.1	10.6	10.3	10.5	10.0
Italy	5.6	7.1	4.6	4.2	4.5	4.2
Japan	0.1	1.7	3.7	5.6	4.7	8.7
UK	0.6	0.6	0.5	0.6	0.5	0.4
Sweden	0.4	0.7	0.6	0.6	0.6	0.4
U.S.	—	0.1	0.3	0.6	0.6	0.3
Other	1.0	1.6	1.6	1.3	1.4	1.1
Total	22.5	24.9	21.9	23.9	22.8	25.1

Source: West German Motor Industry Federation

Tugendhat unveils 1981 budget close to Community limit

BY WALTER ELLIS IN STRASBOURG

THE EXTENT to which the EEC is courting financial disaster was confirmed yesterday in the European Commission's 1981 budget proposals. Mr. Christopher Tugendhat, the Commissioner for budget policy, told the European Parliament here yesterday that his £13.25bn budget proposals would bring Community spending to within 0.05 points of the permitted limit.

The budget rules state that EEC spending must be financed from a maximum of 1 per cent of member countries' VAT receipts. In the case of this year's budget, the figure was 0.72 per cent of VAT. The 0.95 per cent proposed for 1981 leaves virtually no room for manoeuvre.

Mr. Tugendhat's plan seeks to allow for all eventualities, but pushes so hard against the expenditure ceiling that one unforeseen crisis could be enough to take it through the roof. An unprecedented emergency would then have been created of a complexity even greater than the UK's recent dispute on the size of its contribution to the Community budget.

Mr. Christopher Tugendhat

The Commission said his proposals represented a 25.5 per cent increase on this year's budget. Spending on the common agricultural policy would take up 64.5 per cent of the total and he accepted that future economies in this sector would have to be found.

Admitting that his calculations could be upset by a "generous" agreement on farm prices by the Council of Ministers, he pointed out, that attacks on surplus milk production were already helping to reduce the burden of farm to a "superlevy" on milk should 175m ua (£107m).
costs. A council commitment to a 'superlevy" on milk should reduce outgoings by a further 175m uoa (£107m).

If obligatory expenditure on the system of guaranteed farm prices did rise significantly, he said, the extra money would have to be found by cuts in other parts of the farm budget. Regional and social policies could not be put at risk and there was a general conviction that the 1 per cent VAT barrier could not be breached.

The Commission is also proposing a 10 per cent increase in social fund spending to a total of 1bn u.a. The regional development fund would receive 1.6bn u.a., 37 per cent more.

The Parliament will not give its response to the draft budget until its next session in September, but a long struggle is expected.

West Germany backs Spain on EEC entry

BY ROGER BOYES IN BONN

WEST GERMANY has tried to reassure Spain that it will continue to back Spanish entry to the EEC despite considerable French anxiety about expanding the European Community.

This commitment was given, it is understood, during talks between Herr Hans-Dietrich Genscher, the German Foreign Minister, and Sr. Leopoldo Calvo Sotelo, the Spanish Minister in charge of EEC affairs. It is not clear, however, whether this will be enough to soothe Madrid, which last week accused France of putting "unjustifiable" pre-conditions on Spanish entry.

Sr. Calvo Sotelo's visit could not have come at a more sensitive time. Both President Valery Giscard d'Estaing and M. Raymond Barre, the French Premier, are currently in Bonn for regular Franco-German consultations. Both men have indicated that they would be opposed to extending the Community to include Spain and Portugal before the EEC has decided on important changes in the Community financial and agricultural policies.

As these changes would involve ways of reducing the vast costs incurred by the Common Agricultural Policy, Spanish entry could well be delayed beyond the present target date of January 1, 1983.

Somehow Bonn has had to tread a middle path between the two positions. The line taken by Herr Genscher during his talks was apparently that discussions on budget and CAP solutions could be held in parallel with Spanish entry negotiations. This has the advantage of avoiding any hint of preconditions. It would also mean that Spanish and Portuguese entry would actually put pressure on the rest of the Community to find a solution, if non had been reached by 1983.

The problem of Spanish and Portuguese entry was also discussed yesterday afternoon between Herr Genscher and M. Jean Francois Poncet, his French counterpart. Mr. Barre is also believed to have raised the question during talks with Chancellor Helmut Schmidt.

Germany's position has not been helped by the leak this week of the secret minutes of Chancellor Schimidt's talks with the Kremlin leadership in Moscow. These showed that the Soviet side had urged Germany to ensure that Spain was not admitted to the NATO Alliance.

None the less, Bonn is clearly adamant that Spain should join NATO and the Chancellor indicated as much during talks in Madrid earlier this year, as did President Jimmy Carter. But as far as the EEC is concerned, Spanish officials evidently need rather more reassurance, especially in the light of the close Franco-German friendship.

Carter clears airline merger

WASHINGTON — President Jimmy Carter has decided to allow the takeover of Seaboard World Airlines by Tiger International, the U.S. freight airline. The merger merger, which was previously approved by the Civil Aeronautics Board, can now go into effect as early as this Saturday.

OECD ECONOMIC OUTLOOK

Modest growth prospects next year

By Peter Riddell and David Marsh

THE 24 NATIONS within the Organisation for Economic Co-operation and Development face declining Gross National product in the latter part of this year with, at best, only modest growth next year, according to the OECD's bi-annual Economic Outlook published today.

One of the few bright spots on the horizon is a moderate deceleration of consumer price inflation as a result of the general switch to restrictive monetary and fiscal policies. Unemployment is expected to jump further to nearly 7 per cent of the labour force by mid-1981. Productivity will fall during the rest of the year. And the OECD as a whole will continue to run a very large deficit on its combined current account balance of payments.

The OECD Secretariat says that economic performance in 1979 was reasonably satisfactory on a number of fronts, with GNP growing at around 3.5 per cent, domestically generated inflation at around 7.5 per cent, and employment increasing. Progress towards less inflationary and better balanced growth was interrupted by the second massive rise in world oil prices.

This helped the acceleration in consumer price inflation from around 8.25 per cent at an annual rate in the first half of 1979 to around 12 per cent in the first half of 1980.

It also had an overall deflationary effect by increasing the quantity of goods and services which have to be exchanged for each barrel of oil. "This deflationary influence is being reinforced by the necessary tight monetary and fiscal policies being pursued in virtually all OECD countries."

The Secretariat forecasts that the growth of real GNP in the OECD area will fall to about 1.25 per cent in 1980 compared with 1979. This follows real growth of 3.4 per cent and 3.9 per cent respectively in the previous two years.

After growth at a seasonally adjusted annual rate of 1.5 per cent in the first half of this year, GNP is expected to fall by 1 per cent in the second half. Growth of about 1 per cent is foreseen for the first half of 1981, so by the middle of next year the level of GNP may be no higher than at present.

Consumer price inflation is likely to drop slightly below 10 per cent in the first half of next year compared with the 12 per cent seen earlier.

The Secretariat says if adjustment is made for seasonal variations, the annual rate of growth of OECD prices rose to 16 to 17 per cent in the first quarter this year. But this inflationary outburst is likely to be shorter than after the first oil shock in 1973-74.

The growth of real wages follows productivity gains and changes in the area's terms of trade.

Wage rounds have been moderate in most countries, particularly in the U.S., Japan and West Germany. "The broad policy aim of preventing the oil induced deterioration in terms of trade from worsening the wage/price spiral appears to have been quite successful to date."

A further acceleration in the unemployment rate is expected, despite a decline in productivity while the number of people out of work on the OECD area is likely to climb to over 23m—or nearly 7 per cent of the labour force—by the middle of 1981.

Higher oil prices depressed domestic OECD demand, while forecast rapid growth of exports to OPEC countries is likely to improve the OECD's real trade balance in 1981.

However, the overall current account will still be in large deficit compared with near balance in 1978. It has been running at nearly $100bn (£427m) during the early part of this year, but could decline to below $50bn (£213m) by the first half of 1981.

Almost all the OECD countries are expected to run current account deficits in 1980. The seven largest account for half this shortfall; Japan and Germany taking two-fifths. The U.S. may be in approximate balance.

Over the next 12 months growth is expected to fall by 2 per cent in the U.S., to be roughly unchanged in Europe but to increase by close to 4 per cent in Japan. Inflation among the larger countries could range from 3.5 per cent in Germany to nearly 16 per cent in Italy.

If the OECD economy is not subjected to further large shocks over the next 12 to 18 months, it may reasonably absorb the latest rise in oil prices. However, disruption of oil markets could weaken consumption in relation to real income if consumers sought to maintain the real value of their savings. Additionally, heightened uncertainty could lead firms to reduce their planned investment.

The Secretariat makes several policy recommendations for dealing with unemployment, rapid inflation and declining real income per head.

It says there is no realistic alternative to giving continued priority to containing inflation through tight monetary and fiscal policies.

As regards international payments and monetary questions, OECD countries will inevitably have to accept a substantial share of the OPEC surplus for some time to come. "An encouraging feature is that Germany and Japan are carrying a large part of the area's total deficit, and may continue to do so."

REAL GNP GROWTH IN OECD AREA

Percentage changes seasonally adjusted at annual rates

	From previous year			From previous half-year				
				1979		1980		1981
	1978	1979	1980	I	II	I	II	I
U.S.	4.4	2.3	−1	1.3	1.5	−½	−4	0
Japan	6.0	5.9	5½	6.5	6.3	6	3¾	3¾
Germany	3.5	4.4	2	4.2	3.9	2½	−1½	1
France	3.3	3.2	2	3.2	4.3	1¾	¼	½
UK	3.5	1.7	−2¼	2.4	−0.8	−2	−4½	−1
Italy	2.6	5.0	3½	5.1	5.5	5½	−2¼	−1½
Canada	3.4	2.9	½	3.1	1.6	¼	−1	2
Total of above	4.2	3.5	1	3.2	3.0	1½	−1½	¾
Other OECD	2.2	2.9	1¾	3.3	2.3	1¾	1½	1½
Total OECD	3.9	3.4	1¼	3.2	2.9	1½	−1	1

Jobless forecast worst for U.S.

UNEMPLOYMENT in the industrialised countries may rise by more than 3m during the next year with over half the increase likely to occur in the U.S.

The OECD estimates that unemployment in its 24 member countries is likely to rise from around 20m in the first part of this year to over 23m (nearly 7 per cent of the labour force) by mid-1981.

Total employment is expected to decline in all of the larger countries except Japan and Canada. For the seven major countries employment is expected to drop by ½ per cent at an annual rate in the second half of this year.

The effects will be felt particularly by young people whose unemployment rates are likely to reach levels which constitute a serious social problem.

The report notes that the forecasts are highly uncertain with much depending on the length and severity of the recession.

Real wages could also influence the outcome, their growth is at present rather slower in relation to prices than at the onset of the 1974 recession. However, this may not continue. Consequently the risk that unemployment could go yet higher next year may be greater than expectations.

Looking at youth unemployment, OECD suggests that there is likely to be a sharp rise over the next year except in Canada and Japan.

As a percentage of the youth labour force (generally those aged 25 or less) unemployment is expected to rise from an average of 9.3 per cent last year to 11.25 per cent this year and to 13 per cent in 1981. This forecast is for the six major economies (the U.S., Japan, West Germany, France, the UK and Canada).

In the UK youth unemployment next year is expected to be 75 per cent above its level in 1979. The rates in Germany and the U.S. are forecast to be more than 40 per cent higher by next year.

Teenagers have fared somewhat better than young adults in industrialised countries and young women have generally fared worse than young men.

OECD says the problem can be traced to sluggish economic growth, to demographic factors and to structural influences such as the weaker competitive position of young people in the labour market and possibly a weaker work ethic among young people.

YOUTH UNEMPLOYMENT RATES

Per cent of youth labour force

	Actual 1978	Actual 1979	Forecasts 1980	Forecasts 1981
U.S.	11.7	11.2	14	16
Japan	3.8	3.7	3¾	4
Germany	4.8	3.8	4½	5¼
France	11.0	13.3	15	16½
UK	8.9	8.0	10½	14
Canada	14.3	13.0	13½	14½
Total of above countries	9.7	9.3	11¼	13

OPEC surplus declines as exports drop

The current account surplus of the Organisation of Petroleum Exporting Countries is expected to decline markedly next year, according to the OECD's forecast. This results from a drop in oil export volume in the face of weak OECD activity and higher prices, as well as a sharp rise in OPEC import volumes.

Between 1978 and 1980, the OPEC current account position will have moved from near balance to a surplus of $110-$120bn (£464-£512bn). It would peak at $120-$130bn (£512-£548bn) in the first half of 1980.

Despite the decline thereafter, the OECD says that the surplus in the first half of 1981 is still expected to be considerably greater than that estimated for 1979.

The aggregate current deficit of non-oil developing countries may double between 1978 and 1980, and widen further to a $60bn (£25.3bn) annual rate in the first half of 1981.

The OECD points out that the rapid expansion of OPEC economies since 1973 caused the invisible surplus in OECD countries to grow substantially. Exports of high technology services to the oil exporters have offset growing investment income payments related to the current account surplus accumulated by OPEC.

A further significant increase in the OECD invisible surplus is forecast for 1980

Threat against GM-H deferred

THE NEW South Wales State Government has deferred a decision on what action it must take over the decision of Australia's largest motor vehicle manufacturer, General Motors-Holden's to close its plant at Pagewood, Sydney.

Private consumption likely to be hit

THE U.S. faces a decline in real economic activity in 1980 and virtual stagnation in 1981, according to the OECD Secretariat. This is a result of deflationary fiscal policies, the passing-on of the oil price increase and tight monetary conditions.

Between the first half of 1980 and 1981, real GNP is forecast to decline by 2 per cent. The downturn in the second half of this year is likely to be even more intense, with a fall in GNP of 4 per cent expected, compared with the first six months of 1980.

Lower inflation

Imports are forecast to decline in line with domestic activity, and the current account deficit is expected to be eliminated in the course of the year, with a surplus of around $7bn (£2.9bn) at an annual rate in the first half of 1980.

Inflation is likely to drop to an annual rate of 9 per cent in the first half of next year from 11.5 per cent in the first half of this year and 11 per cent in the second half.

The main force of deflationary influences will be felt in residential construction and private consumption. Housing starts are unlikely to return to an annual rate of over 1m units until the final quarter of 1980 despite an annual demand of 2m.

Higher unemployment, weakness in house prices, and restrictions on consumer debt all point to increased personal savings. The savings ratio is expected to rise from 3 to 3.5 per cent in the first quarter of 1980 to 5 to 5.5 per cent in the half of 1981.

The Japanese economy has remained relatively buoyant in the early part of 1980. But tighter demand management and the fall of the yen are expected to be felt on domestic demand in the months ahead.

With growing net exports only partially offsetting weakening domestic demand, real GNP growth may decelerate to around 3.75 per cent over the 12 months to mid-1981.

The growth of real private consumption is expected to weaken during 1980, largely reflecting accelerating inflation.

Export volume is forecast to increase substantially because of external competitiveness. But as a result of the deterioration in the terms of trade, the trade balance may shift from a surplus of $1.8m (£770m) in 1979 to a deficit of $5bn (£2.1bn) in 1980. The current account deficit of around $17bn (£7.2bn) in 1980 may be significantly reduced by the first half of next year.

Domestic activity

German GNP is likely to fall by 1.25 per cent annually between the first and second halves of 1980, but will recover to grow by around 1 per cent in the first half of 1981. Businesfixed investment is likely to remain strong but inflation will probably decelerate over the period to mid-1981, falling to 3.5 per cent by this time. The current account is expected to be in deficit to the tune of about $16bn (£6.8bn) this year compared with a deficit of $6bn (£2.5bn) last year.

Slowdown forecast in UK earnings

A MARKED slowdown in the rate of growth of earnings and prices in the UK is expected to occur over the next year according to the OECD.

The detailed forecasts assume that monetary restraint and rising unemployment will lead to a slowdown in the year-on-year increase of average earnings from about 20 per cent in the first half of this year to some 15¼ per cent in the first half of 1981.

Total profits, and particularly those in manufacturing, may fall to below the previous 1975 low, thereby exerting a strong dampening effect on prices.

Similarly, the expected marked deceleration in import prices from an annual rate of about 27 per cent in the first half of this year to a little less than 10 per cent in the first half of next year is expected to restrain the rise in consumer prices.

The annual rate of increase of consumer prices may slow from almost 19 per cent in the first half of this year to just over 14 per cent in the first half of 1981. These annual rates of change refer to the rise since the previous half-year.

Fixed investment stocks are expected to decline, and total output, as measured by real Gross Domestic Product may fall by about 2.25 per cent this year (2.5 per cent excluding North Sea oil) and a little over 1 per cent in the first half of 1981 (1.5 per cent excluding North Sea oil). The decline in manufacturing production will probably be steeper.

Unemployment in Great Britain, including school leavers, is expected to rise from about 6 per cent this year to a little above 8 per cent by mid-1981.

Exports are expected to decline over the next year though imports may be rising again. While the current account deficit may be smaller than last year, a deficit of just over £1bn is expected this year and a similar annual rate in the first half of next year.

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Germany's giants tighten grip on home market

BY ROGER BOYES IN BONN

A SERIOUS gulf is opening between West Germany's industrial giants and the small businesses which are being absorbed increasingly or edged out of the market by the larger companies.

That warning has come from the Monopolies Commission which made clear in its 1978-79 report released yesterday that large companies are increasing their hold on the domestic market. It is feared that this concentration of power could distort true market competition considerably.

The Commission, which acts as a kind of watchdog over the Federal Cartel Office, said the 100 largest companies (according to turnover) recorded a total sales turnover of DM 564bn (£135bn) compared to DM 327bn in 1972. Their share of the turnover of all West German companies thus increased to 24.2 per cent compared to 21.7 per cent in 1972.

Moreover, the report shows that a gap is opening even among the leading companies. The top six,—which include Veba, the oil group, accounted for 23.3 per cent of the turnover of the top 100 concerns. In 1972, the leading six's share was under 20 per cent.

This expansion is being carried out principally at the expense of small companies, as is clearly demonstrated in the recently issued merger statistics of the Cartel Office.

The Office is one of the world's most active anti-trust agencies and is designed principally to monitor mergers exempted from control mergers between large concerns and small companies with a turnover of less than DM 50m.

According to Cartel Office estimates, 224 mergers escaped *control for this reason last year*—that is, large companies could, with impunity, take over small and medium-sized businesses providing the merger did not immediately create a "market dominating" force.

However, an amendment to the cartel laws which came into force this year means the Office can start anti-merger proceedings if a company with turnover of more than DM 1bn tries to take over a company with sales of DM 4m. Industry complained loudly about this but the Economics Ministry said yesterday that the move had been fully justified by the figures on the concentration of the economy issued by the Monopolies Commission.

The Commission, however, would like to see the Cartel Office given far sharper teeth.

Mergers increased dramatically in the 1970s. Only 30-60 mergers a year were notified to the Office in the 1950s and 1960s but since controls formally came into force in 1974 some 2,900 projected mergers have been registered. This is partly because of the various structural crises which led to the takeover of smaller companies and increasing rationalisation. At the same time, the trend reflects the relatively large amounts of cash available to companies after the tough reconstruction period of the 1950s and 1960s.

Extortions by Mafia challenged

By Rupert Cornwell in Rome

CHALLENGING the ever-widening power of the Calabria Mafia, a Rome-based public works consortium has publicly refused to pay L1bn (£505,000) in protection money to ensure completion of a 25 mile superhighway across the tip of Southern Italy.

The affair has come to light *amidst a wave of intimidatory* killings by the Mafia which has long blighted development in the depressed south. Recently, 11 people have died there in Mafia-related assassinations. The murder rate in Calabria is three times the national average, while in Gioia Tauro it is higher than New York's.

The Communist Party has been in the forefront of attempts to break the tightening stranglehold of the Mafia, especially in the province of Reggio Calabria itself.

Now a construction group, *Salcos, is also digging in its* heels. For 18 months the Mafia has been beseiging the highway it is constructing, stretching from Gioisa Ionica on the Ionian cost to Rosarno in the Gioia Tauro plain in the West.

Directors of Salcos have sent a copy of a letter demanding the L1bn to Sig. Virgilio Rognoni, the Interior Minister. A request for armed police or military protection has yet to be granted.

Jimmy Burns writes from Lisbon on the ruling coalition's candidate for President

Portugal prepares for a battle of generals

A MASS rally in Oporto last Saturday launched Gen. Antonio Soares Carneiro as the Portuguese ruling coalition's official candidate for the presidential elections later this year.

That the temperature of Portuguese politics has risen since then was not totally unexpected. The presidency, by its very nature, deeply involves party politics. The head of state wields considerable power: he can, for instance, dismiss a Prime Minister or declare a state of siege. What caused the surprise was the timing of the announcement and the Government's choice of candidate.

Gen. Soares Carneiro gave his first Press conference last month, and is now making regular appearances up and down the country. His posters, ironically taken by the personal photographer of Gen. Antonio Ramalko Eanes, Portugal's current President, have already been printed and will go up on the walls in the next few weeks. Government officials claim that, by the end of the summer, the little-known Gen. Carneiro will have become the well-known Gen. Carneiro, and that his forceful personality will strengthen the general election campaign of the ruling Democratic Alliance.

President Eanes came to power in 1976 but the ruling coalition has become disaffected with what they believe to be political incompetence on his part. He is also accused of being too lenient in his dealings with the Left. If President Eanes stands, it will be as an independent with the tacit backing of the Socialists.

But Gen. Carneiro's early entry into the presidential campaign has contributed little to the Government's preferred image of itself as a force for consensus and stability, already being strained both by the unions and within Parliament.

Gen. Carneiro has gone out of his way to dispel the notion that his connections with the old Salazar dictatorship make him a potential Portuguese equivalent of Chile's President Augusto Pinochet. Gen. Carneiro is president of the Association of Commandos, Portugal's elite troops who were formed to fight guerrillas in the former colonies.

Before the 1974 Portuguese revolution, Gen. Carneiro was governor of Luanda, the capital of Angola. More recently he has been associated with the formation of a crack anti-terrorist squad and with the resurrection of the secret police, disbanded in 1974.

At Gen. Carneiro's first Press conference, he paid allegiance to the April 25 revolution, and made an impassioned appeal for conciliation.

But during question time, he stressed two points which revealed him in a less conciliatory light.

The first was that President Eanes had lost his popular mandate, and should renounce any ambition to stand for a second term both as chief of state and chief of staff. The second was that the Portuguese Communist Party was totally dominated by the Soviet Union and essentially undemocratic.

Gen. Carneiro thus pledged himself, as a future President, against any pact with the Communist Party's leadership, although he stopped short of threatening to outlaw the Communists altogether.

Gen. Carneiro: no pact with Communists

President Eanes has not publicly declared whether he will stand, although he has hinted consistently that he will. There is considerable pressure on him not to. Alliance officials argue that he has effectively been made redundant by the appearance of Gen. Carneiro. The candidate's policy statements, particularly his commitment to the North Atlantic Treaty Organisation, the European Community and the armed forces' withdrawal from politics bear a striking resemblance to President Eanes' own election programme in 1976.

President Eanes, however, has ample reason to stand firm. The President has implicit backing for his candidacy from Portugal's major Opposition party, the Socialists. They have come out openly against Gen. Carneiro, and have refrained from presenting an alternative candidate. They have not openly backed President Eanes for tactical reasons, recognising the dangers of having him linked publicly to any one party, when his main strength remains the theoterically apolitical and "national" character of his present office.

Indeed, there are indications that public opinion on the presidential issue bears no direct correlation to last December's general election results. Opinion polls continue to emphasise Gen. Eanes' popularity as President, as well as the widespread support for the governing coalition. This has persisted despite the growing cleavage between Gen. Eanes and the Democratic Alliance.

The situation is certainly a great deal more complex than Carneiro's supporters would the propaganda of Gen. have peopjle believe. It has been made no simpler by the candidate's open defiance of the Communist Party, which last December won 19 per cent of the vote, and which still controls the unions.

By striking such an uncompromising attitude, Carneiro has gone further than the Government in trying to polarise Portuguese politics.

As an alternative to this, PresidentEanes faces the delicate task of holding part of the Social Democratic centre alongside the allegiance of the Socialists, without allowing himself to be branded as the "Communist candidate" by the Opposition. The Communist Party itself has taken no firm stand on the presidential race, other than a predictably virulent attack on Gen. Carneiro.

President Eanes is marking time before taking a major initiative either way. In the meantime, however, political allegiances are shifting without him. In the past month, he has lost two important addies to Gen. Cerneiro's camp: Sr. Carlos Mota Pinto, the former Prime Minister, and Sr. Francisco Sousa Tavares, a former Socialist who edits the influential *afternoon daily A Capital.*

On the other hand, members of the governing alliance are uneasy about choosing a top-ranking army officer for presidential candidate just a few months after Sr. Francisco Sa Carneiro, the Prime Minister, had vowed to remove the armed forces from politics.

These divisions on the right have been aggravated by Gen. Pires Veloso's decision that he will also stand. Gen. Veloso is the former military commander of the Northern Region, who earned considerable prestige in 1975, when his troops helped put down an attempted uprising by the extreme left wing. He still commands considerable respect, particularly among conservatives, and is therefore a potenial threat to Gen. Carneiro.

Despite the initial optimism generated by last December's sweeping election win by the Democratic Alliance, Portuguese politics today are as fluid and unpredictable as at any time since the revolution. The prospect of three well-respected generals being brought into a bitterly fought presidential campaign adds to the uncertainty.

Sharp drop in production signals French recession

BY TERRY DODSWORTH IN PARIS

A SHARP drop in French industrial production over the next six months, was forecast yesterday by INSEE, the National Statistical Office, in its half year report, which underlined the beginning of the expected recession in France.

The study stressed that the decline in industrial activity of *4 to 5 per cent over the six* month period, had already begun. It also forecast that unemployment, standing at 1.47m at the end of May, would rise further, although it refused to predict a figure.

INSEE believes that the downturn in industry will not be as marked as in the 1974-75 period, when French companies suffered a drop in output of *11* per cent in the wake of the first oil crisis.

One of the factors which should help sustain activity is the currently strong trend in investment. Expenditure is being sustained by the healthy cash position of most companies, and continuing spending by the industrialised public sector.

The statistics office expects France's trading position to improve, reversing the rapid deterioration in the trade balance, which led to a deficit of FFr 25bn (£256m) over the first five months of the year. By the end of 1980, INSEE expects exports to have covered some 95 per cent of imports.

Retail prices, after rising rapidly in the first half of this year, will begin to decline because of increased competition. *After an increase of* 15 per cent at the end of June, retail price increases should be down to an annual rate of 12 per cent by the end of 1980.

Swiss fiduciary tax pledge

BY BRIJ KHINDARIA IN GENEVA

UNDER PRESSURE from the Swiss Bankers Association and Conservative MPs, the Government has promised that a planned withholding tax on fiduciary accounts managed by Swiss banks mainly on behalf of foreigners will not exceed 5 per cent at any time in the future.

The Government yesterday submitted its proposals for the 5 per cent tax to Parliament but can expect a difficult passage. Conservative MPs are already saying that the tax cannot be justified legally and is politically motivated. It is estimated to raise additional revenues of SwFr 150m (£45m) a year.

Fiduciary accounts are deposits held in trust by Swiss banks and invested on behalf of clients without engaging the Swiss banks' responsibilities. The central bank estimates that the total size of such accounts rose from about SwFr 57bn (£17bn) in 1976 to about SwFr 86bn (£25bn) in 1979, and to more than SwFr 100bn (£30bn) in the first half of this year.

The question now being asked of Mr. Willi Ritschild, the Economy Minister, is whether the Government can legally impose a tax on interest revenue earned outside Switzerland by foreigners merely because a Swiss bank acts as an intermediary.

AMERICAN NEWS

Chile considers 5-year transition to civilian rule

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet, Chile's military leader, would remain in power without elections during a five-year transition to civilian rule under a draft constitution published here yesterday.

A draft of the proposed new consitution for Chile has been delivered to General Pinochet for approval, and should be submitted to a plebiscite "within the near future" according to officials.

Chile's old constitution was effectively abolished after the September 1973 military coup which overthrew socialist President Salvador Allende and ended the country's 40-year tradition of elected civilian government.

Gen. Pinochet ... *studying draft*

The draft constitution has been prepared in secret by a state council headed by former presidential candidate, Sr. Jorge Alessandri, who delivered the document to General Pinochet this week. Sr. Alessandri and other members of the council are rigidly conservative in their outlook and enjoy the confidence of General Pinochet. Nevertheless, the proposed constitution has been criticised by extreme right-wing Chileans such as General Pinochet's daughter, Sra. Lucia Pinochet Hiriart, who has charged that the document does not represent the views of her father.

Sra. Pinochet Hiriart, who is said to wield considerable influence over her father and within the regime, has publicly urged that future Chilean presidents be chosen by "a group of persons with great capability and moral rectitude."

If the proposed document passes General Pinochet's inspection, it would be submitted to a plebiscite for approval and would go into effect 180 days following the plebiscite.

The draft provides for a transition period of five years after the new constitution goes into effect, which would effectively prolong General Pinochet's *rule* for this period. No elections would be held during the transition and members of the Chilean Congress would be appointed by General Pinochet.

The first general election to a chamber of deputies would be held 180 days after the transition period ends. Members of the senate would be elected four years later. There was no word on when presidential elections might be held, although the proposed constitution does provide for the direct election of the President.

In the event that no candidate wins a majority, Chile's Congress would select the winner from the two candidates receiving the most votes. Presidents would serve six year terms, and would be prohibited from re-election immediately following their first term of office.

Significantly, the constitutional draft does not prohibit the first elected President from succeeding himself, possibly opening the way for the present regime to prolong its influence.

General Pinochet earlier this month said he would remain in power until his Government had "*consolidated its goals.*"

Dutch threaten to halt £768m Surinam aid

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS has threatened to halt its Fl3.5bn (£768.8m) programme of development aid to Surinam unless its former South American colony drops its demand for the aid to be made inflation-proof.

Surinam, on the north-east shoulder of South America, broke off aid talks during a stormy meeting with Mr. Jan de Koning, the Dutch Development Aid Minister. His visit to Surinam earlier this month was marred by protest demonstrations in the streets against Dutch policies.

Mr. de Koning told a parliamentary committee in The Hague that the next round of talks between the two countries in September would have little point unless the Surinamese drop their demand or are at least willing to discuss it.

If Surinam continues to press its demand for inflation-proof aid at every opportunity this will *mean the beginning of the* end to development co-operation with the Netherlands, he said.

The Fl3.5bn aid figure agreed before Surinam's independence in 1975 included an amount to cover inflation over the 10-year period of the programme. Development spending has gone at a slower than expected rate —only Fl500m have been spent over the past five years—and the effects of inflation have been greater than foreseen.

The breakdown of negotiations between the two countries has meant that the reallocation of funds to new projects has also been halted, Mr. de Koning said. The Netherlands was ready to help improve pension and welfare schemes and to develop water supplies.

Successes embolden Republican right wing

By Jurek Martin, U.S. Editor, in Washington

CONSERVATIVE Republicans, emboldened by their substantial victories in shaping the Party's electoral platform on social issues, will try hard next week to ensure that Mr. Ronald Reagan chooses a Presidential running mate to their ideological liking.

On Wednesday night in Detroit, Mr. Reagan's advisers succeeded in slightly watering down the language of the platform on the Equal Rights Amendment for Women. But the compromise, which acknowledged both sides of the argument, insists that ratification of the ERA is a matter for individual states to decide, without Federal interference, and, as such, constitutes a repudiation of the party's 40-year support for the amendment.

The platform committee also put the party firmly on record as favouring a constitutional amendment to ban all abortions, which happens to be Mr. Reagan's position as well.

In both cases, the committee votes were so lopsided that supporters of the ERA and free choice for women on abortion doubted that they could even muster a floor fight on the issues at next week's convention.

Immediately, several conservative pressure groups let it be known that they would oppose the selection of either Senator Howard Baker from Tennessee or Mr George Bush, Mr Reagan's last opponent in the primaries, for the vice presidential spot, mainly because of their previous public stands on the ERA and abortion.

The conservatives would like Mr Reagan to select Mr Jack Kemp, the New York Congressman, Reagan intimate, and author of the 30 per cent three-year tax cut proposal, or Senator Richard Lugar from Indiana, though his recent support for aid to Nicaragua did not sit well with the right wing.

But Mr Reagan is playing his cards close to his chest, partly to preserve what looks like being the only real element of suspense next week. He is due to name his running mate on Thursday morning.

David Buchan adds from Detroit: A Reagan Administration would not fundamentally downgrade current U.S. ties with China nor would it be committed to re-establishing diplomatic relations with Taiwan, Mr. Richard Allen, Presidential candidate's top foreign policy advisor, said here yesterday.

Mr. Reagan's Far East policy has sparked fears in Peking that if elected he would turn the clock back on *ties developed during the* Carter Administration. He has criticised Mr. Carter for cutting ties with Taiwan as the price of normalising relations with Peking in January 1979.

But yesterday Mr. Allen insisted Mr. Reagan had been misquoted as wanting to reverse the present situation

Mary Helen Spooner, in La Paz, reports on problems facing the election winner

Heritage of chaos for Bolivia's new leader

DEMOCRACY, as Bolivia's interim President, Sra Lidia Guiler, remarked last month, sometimes carries a very high price. The country, which has *just made its third attempt in* two years to elect a civilian president, is the poorest in South America. Any future economic improvement for Bolivia's 5m people seems inextricably linked to stable government.

Until recently, that stability has been nearly synonymous with military rule. Bolivians are now watching nervously to see whether Sr. Hernan Siles Zuazo, the left-wing former president who emerged as front-runner from the June 29 election, will be allowed to take office. Because he did not capture a majority of the vote, the Bolivian Congress must decide the election although Sr. Siles' chances have been helped by the withdrawal yesterday of another ex-president, Sr. Victor Paz Estenssoro, the candidate *who came in second. But the* military has been making threats.

The country's foreign creditors are also watching the result with less compassionate, but no less concerned, interest.

Foreign debt reached $3.79bn last year. The bulk of this was contracted during the seven-year regime of Gen. Hugo Banzer from 1971-78. This year debt obligations should reach $626m, which will absorb at least 40 per cent of Bolivia's export earnings.

During the first quarter of this year $298.4m of the debt came due, whie money coming into the country, including ex-

port earnings and a $59m loan from the International Monetary Fund, totalled only $294.2m. During this period, Bolivia's international reserves dwindled from $178m to $95m according to an IMF report.

Bolivian officials are trying to renegotiate the country's external debt, but most banks and lending institutions seem to be awaiting the outcome of the elections. A few days before the voting, the Finance Ministry announced it would explain new developments in rescheduling Bolivia's debt. But reporters were treated to a list of new soft loans awarded by the Inter-American Development Bank, totalling $89.5m.

Gross domestic product in 1978, the last year for which figures are available was a mere $2.3bn. Since then, production has declined in several key areas and will undoubtedly decline further in the face of political unrest. Exports of tin and other minerals by Comibol, the state mining corporation, and small and medium-size mining companies decreased in volume by one third or more during the first quarter of 1980.

Sr. Siles has stated that, despite his Left-wing political alliances, his Government should still be able to attract enough foreign loans and credits to keep the country afloat.

"We will have a Government in which there can be human error, but not hands dipping into the treasury to take money from a poor and backward country such as ours."

A Siles government would be likely to apply some austerity measures to the Bolivian economy, judging from Sr. Siles' past performance. After taking office in 1956, he followed the advice of the IMF that government subsidies in many areas could not continue if financial stabilisation were to be achieved. Among the politically risky steps taken by Sr. Siles were a freeze on wages and salaries and the abandonment of government-subsidised miners' shops. These measures set off a storm of protest and cost him support from the very groups which had brought him to power.

In other areas of the economy, Sr. Siles has said he will not de-nationalise any of the state-controlled industries, which account for 70 per cent of Bolivia's production.

The inefficiencies of Bolivia's state-owned enterprises, according to Sr. Siles, have been due to the corruption of past

Sr. Hernan Siles Zuazo ... front runner

governments rather than structural problems. Reforms will take place in those state enterprises which "had been run like the personal fiefdoms of corrupt officials," he said.

Ironically, a Siles-led Government would not be able to move very far to the left because of the severe financial contraints on populist measures.

But whatever Sr. Siles' intentions for the Bolivian economy, the question now is whether he will be permitted to take office at all. When the newly-elected members of Congress convene next month, they will attempt to elect a president from between Sr. Siles and the Right-wing Gen. Banzer, now that Sr. Paz has withdrawn.

Sr. Siles' Popular Democratic United (UDP) coalition, which according to some estimates won as much as 40 per cent of the vote, may not automatically receive congressional support from Bolivia's Socialist Party, led by Sr. Marcelo

A few days after the election, Sr. Quiroga announced that he would not necessarily give his votes to Sr. Siles in Congress. Failure to do so could make the congressional election more difficult and intervention by Bolivia's armed forces more likely.

The military, led by the army commander, Gen. Luis Garcia Meza, seems to regard Sr. Siles as a direct threat to its existence, despite the candidate's repeated assurances that he enjoys the backing of younger, more progressive officers.

But if the military intervenes, either before or after Congress meets, the civilian reaction is likely to be swift and massive. Last November, an obscure army officer, Col. Albert Natusch Busch, seized control of the Government for 16 days. Over 200 people were killed in popular protests. The militant Bolivia Workers' Central (COB) called a general strike and will undoubtedly do the same in the face of another military coup.

A new military intervention is likely to be far bloddier and more paralysing than the Natusch coup. There are rumours even of plans for a massacre of the Left on the model of the Chilean coup in 1973. But Bolivia's soldiers are not as well-organised as their Chilean counterparts. Bolivia is more likely to resemble El Salvador, where a seemingly endless battle between the military and civilians is taking place.

Row over Saudi F15s puts Administration in dilemma

BY OUR U.S. EDITOR

SAUDI ARABIA has bluntly charged that Israel is using the influence of the Jewish lobby in U.S. politics to pursue policies that are causing "dangerous and de-stabilising risks" to peace in the Middle East.

An extraordinary statement released by Sheikh Faisal Alhegelan, the Saudi Ambassador here, was prompted by the letter sent to President Carter by 68 U.S. Senators opposing Saudi Arabia's request for additional equipment for its 60 F15 fighter aircraft. But the statement's tone and scope show that Saudi Arabia is again treating the issue of the aircraft as a test of the U.S. commitment to the Kingdom.

"It is long past time," the ambassador said, "that the Israeli problem is placed in perspective with the profoundly *more important defence, econo*mic and other vital interests of the U.S., its key friends, the international economy, world peace and certainly the overwhelming majority of people in the Middle East."

The Israeli objection to the proposed sale, on which the Carter Administration has yet to give a definitive response, is that the addition of multiple-ejection bomb racks and enhanced refuelling capacity to the F-15s will render Israel more directly vulnerable to attack from Saudi Arabia.

The letter from the Senators, *he said, sought to limit* "Saudi Arabia's capacity to defend itself. "The unavoidable implications of such an attempt were further confirmation of the dangerous and destabilising risk caused for the region as a whole, for America's long-time friends there, for the international community and clearly for the United States itself, by allowing Israeli intransigence and continuing aggressions to drag out and preclude a just and comprehensive settlement of the Arab-Israeli conflict.

The ambassador implied that if the U.S. sale did not go *through, the kingdom was ready* to cancel the whole order and seek alternative aircraft and equipment elsewhere, presumably from France.

For its part, the Carter Administration is hamstrung in that, when the original sale was approved two years ago as one element in a package involving Israel and Egypt, it promised Congress not to sell the kingdom such additional equipment as would increase the range and firepower of the F-15s.

But it tends to share the Saudi view that security considerations in the region have changed

*On the other hand, the Presi*dent, facing a difficult re-election campaign, is naturally reluctant to offend American Jewish sensibilities at a time when his two probable opponents, Mr. Ronald Reagan and Mr. John Anderson (now in Israel) are bidding hard for the traditionally Democratic Jewish vote.

ENERGY REVIEW: WESTERN U.S. STATES — BY DAVID LASCELLES

Overthrust Belt yields its secrets

THE GRADUAL freeing of U.S. *oil prices has caused a* spectacular resurgence of drilling interest in the U.S.—so much so that the industry confidently expects more rigs than ever before to be at work this year.

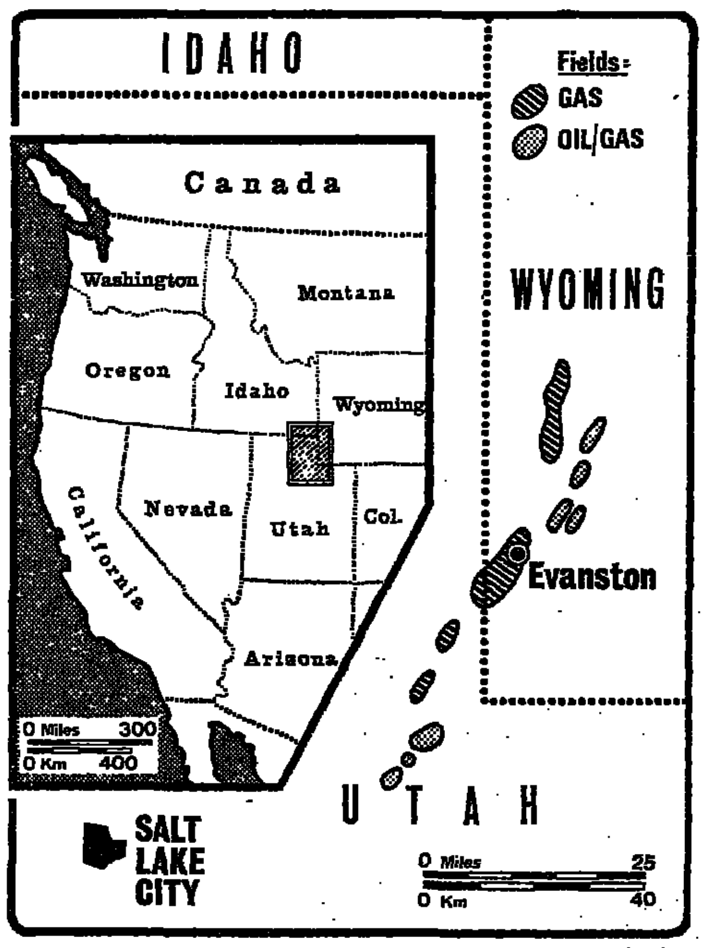
Much of the exploration effort is in entirely new areas, but so far the most promising results have come from second looks at areas that were previously abandoned either because they were thought to have no oil, or because the deposits were not worth exploiting at earlier, low, oil prices. In this latter category, one of the most spectacular has turned out to be the curiously named Overthrust Belt, usually known as the OTB.

This complex geological formation is several dozen miles wide, and runs across the U.S. from north to south parallel to the Rocky Mountains. It extends all the way from Mexico to Canada and is the source of some of those two countries' oil finds.

The U.S. portion of the belt did not yield much until the early 1970s, despite the presence of promising seeps, and the drilling of more than 500 wells. But a combination of im*proved drilling techniques, a* willingness to look deeper, and the development of new computers capable of handling the OTB's complicated seismic data changed all that. The recent discovery of what could be huge deposits of hydrocarbons in the OTB is as much a triumph for computer technology as it is for petroleum geology. Without this electronic aid, geologists admit that they could never have made *sense of the OTB, which twists* and turns underground and even flips over itself like a giant breaking wave.

The main prospecting area of the OTB at the moment lies in a few square miles at the point where southern Wyoming borders on Utah around the tiny town of Evanston, though there is also some exploration in the equally quaintly named Montana Disturbed Belt and the central Utah Hingeline. The area had been all but abandoned by oilmen when, in 1974, a company called American Quasar hit oil just inside Utah. The discovery lay not at 5,000 feet where most previous drilling had stopped, but at 15,000 feet. Clearly the rewards from the OTB were to be hard-earned.

The discovery aroused enormous interest, and other companies moved in *quickly. One* of the best-placed was Standard of Indiana (Amoco) which, in



1969, had bought mineral leases on large amounts of land in the area owned by Union Pacific. The railroad company had acquired the land decades ago as part of its right-of-way. Under the deal, Union Pacific's Champlin Oil subsidiary retains a quarter interest in the land.

Amoco's leases amount to more than 500,000 acres, and the company is in the enviable position of owning an interest in 12 of the 14 oil and gas fields found so far. Standard California (Chevron) comes next with 175,000 acres. Other active companies include Exxon, Marathon, Cities Service, and Getty.

Since the American Quasar find, more than 200 wells have been drilled in the rolling, scrubland around Evanston, amid the grazing cattle and moose. Amoco's first big find came in 1976 in the Ryckman Creek field which contains both oil and gas. The oil is now flowing at 9,000 barrels a day, but the gas is being piped back to keep up the pressure. Once a nitrogen plant has been com*pleted, the gas will be extracted* too.

More important was the discovery two years later of the Whitney Canyon gas field. Apart from having a pay zone of Saudi Arabian proportions, 4,500 feet thick, the well pinpointed the most promising geological structures within the highly complex belt: the paleozoic rocks. These have since become the main drilling target.

A few miles to the north, Chevron hit on its Carter Creek gas field, and last year Amoco stirred much excitement by drilling a well in between to see if the fields linked up. This is the now famous and gas-rich Kewanee Federal well. It suggests that the two fields do, indeed, form part of one enormous gasfield, the full proportions of which have yet to be assessed.

The discoveries have continued. Last month Amoco found two more gas deposits. But few of the discoveries so far made are actually producing, mainly because they contain "sour gas" from which sulphur has to be extracted. Both Amoco and Chevron are building purification plants, along with a railway line to haul out the huge amounts of sulphur which they will pro*duce. The gas itself will be* moved out through a number of pipelines.

Interest centres less on the present production rate (though some gas wells are producing 30m cubic feet a day) than on the size of the ultimately recoverable deposits. Because drilling is still at a comparatively early stage, petroleum geologists are anxious to temper their excitement. They do not know how far north and south of the present site the producing formations extend: it could be dozens or even hundreds of miles, though the discovery of gas along the belt in Montana, north of Wyoming, is a hopeful sign.

Mr. Richard Powers, a petroleum geologist based in Denver, Colorado, and an acknowledge expert on the OTB, has just revised his preliminary estimates of undiscovered recoverable oil and gas in the Wyoming-Utah area of the belt. For oil, these are a low of 1.3bn barrels, a high of 15bn, and a "most likely" amount of 7.5bn. For natural gas they are a low of 10 trillion (million million) cubic feet, a high of 62.5 trillion, and a "most likely" of 30.5 trillion. To put these figures *into perspective, the U.S.* consumes about 20 trillion cubic feet of gas a year, and about 6,500m barrels of oil.

Mr. David Work, Amoco's regional exploration manager, commented: "This is not another Prudhoe Bay, but it is only one order of magnitude smaller. Remember that so far we have only looked in detail at 70 miles of a formation that extends 2,200 miles."

Mr. Work's opposite number at Chevron, Mr. Bruce Cheatham, had a similar comment: "What we are finding would not turn a hair in Saudi Arabia. But it is probably the most significant onshore find in the lower 48." (The "lower 48" means the U.S. less the outlying states of Alaska and Hawaii.)

Exploring the OTB is expensive by onshore standards. The average 15,000 foot well takes *10 months to complete and costs* $5m-$8m. Sulphur extraction plants cost close on $300m each. And the complicated technology required to explore and map the geology adds to the cost. Amoco will be spending $8m this year on seismic work alone. Chevron's OTB budget this year is $100m, and Amoco's $130m.

The role played by computers in opening up the OTB is stressed by all the companies active there. The topsy turvy geology of the OTB means that surface features are of little help in determining what lies below. Surface anticlines (or domes which trap hydrocarbons) are no guarantee that hydrocarbons actually exist. In fact, in the early days they were downright misleading and accounted for the huge amount of dry holes drilled.

With computers, the oilmen were able to map the so-called sub-surface anticlines, and gradually the major components of oil-bearing strata emerged: porous rock, structures, and the oil generating shales. Now that sub-surface mapping is being mastered, the OTB explorers intend to use their new expertise to explore other parts of the Rockies overthrust, and similar

'We have looked in detail at 70 miles, but there are 2,200'

geology elsewhere, notably the so-called Eastern Thrust Belt in Appalachia.

Responding to the promise shown by th OTB, Washington has been anxious to smooth the bureaucratic obstacles that strew the path of oil exploration in the U.S., despite heavy pressure from environmentalists who want tighter control on drilling. Mr. Work said: "The Federal Government has bent over backwards to co-operate with the industry."

Even so, there is a lot of concern as to how the little settlement of Evanston will cope with the huge influx of people and money. The town has already doubled in size from 4,000 to 8,000 and will probably double again before long. Assets of the local bank, First Wyoming, rose by 25 per cent last year, and the branch manager had to organise trips to tax experts in Salt Lake City for farmers who had become millionaires overnight.

The town's meagre facilities have ben swamped: people are living in cars and mobile homes in the car parks. The one road bridge under the railway is choked with traffic, and the municipal services are overloaded. The oil companies have made an effort to help by financing projects like schools, and respecting the town's needs. But Evanston will be a severe test of the oil industry's ability to avoid the classic boom and bust that goes with big oil finds. Milt Hoesel, who moved to Evanston four years ago, said: "People can't believe it's here to stay."

East Africa's nomads fall victim to drought and politics

SEVERE DROUGHT has spread right across Africa in the last five months, wilting crops and pasture right along the semi-arid Sahel zone below the Sahara, and has broken into full-scale famine in north-east Africa and on the Horn. Some rain has now fallen but too late to stave of further widespread crop and livestock losses.

Nearly 6m people are now believed to be "affected" by famine in Ethiopia, Somalia, Djibouti, southern Sudan, and northern provinces in Uganda and Kenya. Estimates broadly agree that some 600 people a day have been dying of starvation throughout the region in the last few months. Most experts believe that potential human losses are much greater than during the last Sahelian drought of 1973-74, when at least 150,000 people died.

Drought relief has been hit by a drop of some 60m tonnes in world cereals production in 1979. The United Nations Food and Agriculture Organisation, meanwhile, estimates that the need of the affected countries for cereal imports has risen about 15 per cent in the last year. By the beginning of June, traditionally the start of the new growing season, 30 per cent of that need had not been met.

Rains were disappointing in the famine region in 1979 and have failed again this year. Agriculturists estimate that food is going to have to be found for the next two years for at least 2m refugees in Somalia, Sudan and Djibouti, 2.5m Ethiopians, 500,000 Ugandans in the northern Karamoja province, about 100,000 tribespeople in Kenya's northern Turkana province, about 100,000 natives of

Nearly 6m people are threatened by famine in the Horn of Africa. It is as much political strife as erratic rainfall that has brought on the disaster. Peter Bruce reports

Djibouti and thousands of southern Sudanese.

Mr. Edouard Saouma, the director of the FAO, warned earlier this month that where "we are on the verge of a simultaneous human disaster in many countries of an unprecedented character." Agriculturists and climatologists say that without concerted action by the governments concerned in and about the Horn, famine will strike again, probably more frequently.

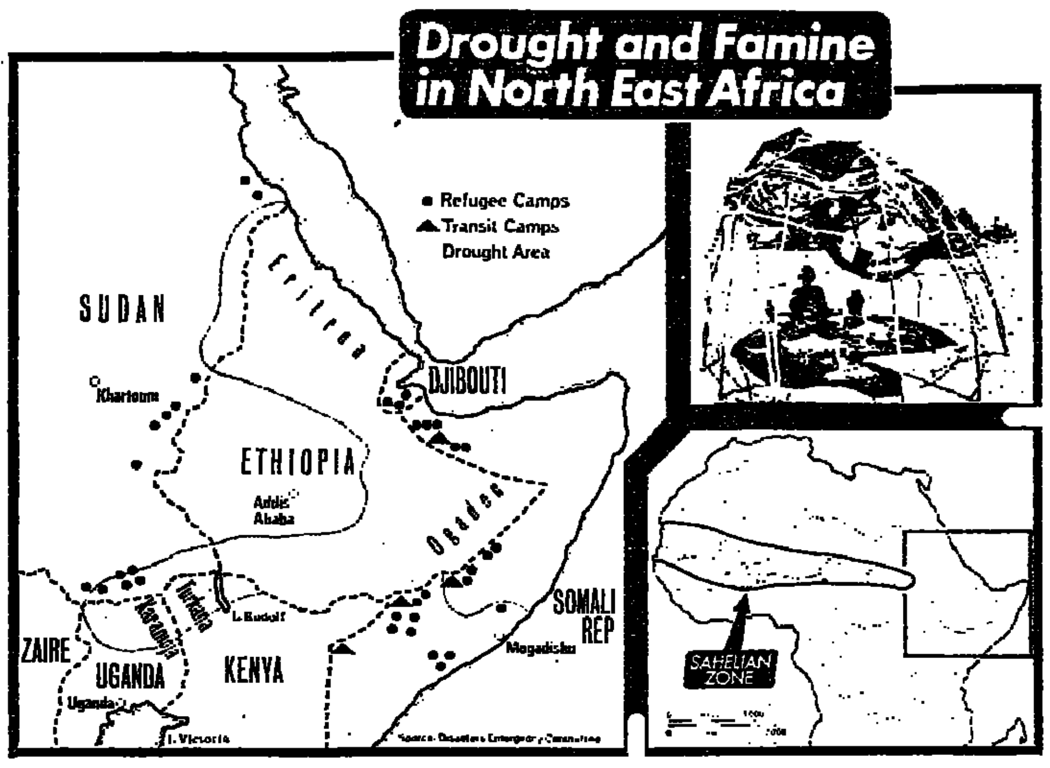
Death by drought is not new to the Horn. There were 23 major famines in Ethiopia between 1540 and 1800, a famine between 1888 and 1892 killed about one third of the country's population and, since then, Ethiopia has been hit by full-scale famine at least once every decade.

Yet the threat is aggravated by political instability, which will prevent governments in the area from attending to the victims of the drought at least for the immediate future.

The two major areas of concern are Uganda, which has remained chronically unstable since the overthrow of Idi Amin last year, and the Horn, where Ethopia is involved in intractable struggles in Eritrea and the Ogaden.

It is scarcely surprising that most of those actually dying are the roofless and politically marginal nomads of the lowlands.

The bulk of the dry lowlands of the famine region is nomad territory. In the Ogaden, herdsmen have traditionally moved freely between Ethiopia and Somalia after water and grazing, driving with them the biggest concentration of Ethiopia's 27m head of cattle (the largest herd in Africa) and camels. Eritrea, but for a core of sedentary farmers at the centre of the province, also has a nomad



tradition and Karamoja, Turkana and southern Sudan are populated by "shifting cultivators."

The methods these people have traditionally used to shield them from an erratic climate no longer work. Equally, caught between war and civil strife, they lack the political influence to mitigate the added horrors of natural disaster.

Ethiopia and, more indirectly, Somalia, are fighting for control of the Ogaden and nationalist guerrilla armies have been waging war with Ethiopia over Eritrea for nearly 20 years. Karamoja, because of the breakdown of order in Uganda during the rise and fall of Idi Amin, has become probably the most lawless place in the world.

Yet the nomads remain locked into a cycle of production and subsistence in which the slightest changes in climate will continue to have immediate and dramatic effect.

The last Sahel drought struck after four years of good rain, during which both human and livestock populations increased rapidly; governments, attracted by a new meat and grains potential, carried out ambitious veterinary programmes and vastly improved access to water by sinking new boreholes and wells.

But with the onset of drought, the land failed quickly under the increased human and animal burden and the authorities throughout the Sahel fell back just as quickly to save established, exportable, cash crops.

For both the farmer and the herdsman the only alternative has been to eat the remaining seed and slaughter or sell off livestock. The effects are two-fold.

First, seed stocks empty. Replacements of just the right variety are almost impossible to find outside the Sahel. For the farmer, the only escape from the famine cycle once it is in motion lies in recourse to adequate and controlled stocks of the right seed varieties. Right now, these do not exist.

Second, as cattle are reared mainly for milk and blood, and as bridal dowries, the nomadic livestock market is small and easily glutted. Poor stock values and high food and seed prices during the 1973 drought in Ethiopia prompted one study to note that "people died in Ethiopia not because of an extreme shortage of food, i.e., famine, but because of an extreme shortage of money, i.e., poverty."

Growing human and herd populations have tilled and trampled vast tracts of northern East Africa and the lowlands of the Horn into virtual desert. Boreholes once sunk near good grazing are now ringed by up to 15 kilometres of sand and once desertification passes a critical point it is virtually unstoppable.

The experts label the region's ecology "finely balanced," which is a measured way of saying anything can happen and probably will. All modern science knows for sure about rainfall in the region is when it is most likely to occur. "Accurate prediction is impossible," one British climatologist says, "even a day in advance."

For nomads, the "drought threshold" has risen dramatically. "We have got to the stage now," one agriculturist says, "where the land traditionally used (by the nomads) can satisfy their basic needs only under the very best climatic circumstances."

Even so, there may be answers to these problems. "Modern agriculture can find solutions to most changes," experts say. With proper animal husbandry and more careful cultivation, East African nomads have the productive potential to double the output of meat and grains now marketed in the region.

Yet while Nomads clearly can be better protected against drought through systematic herd reduction, family planning and settlement, there is a consensus that these solutions can only be introduced by the governments concerned.

Egypt fails to reach agreement with IMF

BY ROGER MATTHEWS AND ANTHONY McDERMOTT IN CAIRO

EGYPT AND the International Monetary Fund have failed to reach the basis for a new agreement to replace the $730m (£306m) three-year facility that collapsed three months after it was signed in 1978.

The failure is a setback for Egypt's desire to win an international seal of economic "good housekeeping," but it also demonstrates the immense improvement in the balance of payments over the past 18 months.

Dr. Abdel-Razzaq Abdel-Meguid, the deputy Prime Minister in charge of the economy, said in Cairo on Wednesday that he believed the Government had met the requests of the IMF "on all counts."

But a new problem had arisen, which was that Egypt could only draw on the fund if its balance of payments were in deficit. The deputy Premier forecast that Egypt would have an overall payments surplus this year of about $400m.

During discussions with the Fund team, which leaves Cairo today, Dr. Abdel-Meguid claimed that it had broadly accepted the concept of his economic strategy, and that it was hoped this should be enough to reactivate an agreement.

But the failure of the talks to produce a new letter of intent suggests that the IMF was not convinced that the new budget introduced on July 1 would have a deflationary impact.

In the budget, Dr. Abdel-Meguid increased public sector wages, subsidies and social security benefits by a total of nearly $1.4bn. But he said he had more than offset that by a rise in foreign currency earnings of about $1.7bn.

Since his appointment six weeks ago, Dr. Abdel-Meguid has been determined to reform the existing economic structure—often to the dismay of Egyptian and foreign officials and businessmen. He has been given considerable leeway in this because of the enormous rise in Egypt's income from oil.

According to D. Abdel-Meguid, they were worth $1.5bn last year and could rise to $2.2bn this year. The major aims of his economic strategy have been the reform of the public sector, bringing import operations under closer government control, and requiring foreign banks to place 15 per cent of their foreign currency deposits with the central bank.

Arab insurance switch

BY OUR MIDDLE EAST STAFF

THE ARAB Maritime Petroleum Transport Company, an oil tanker shipping line owned by eight Arab states, says it will not pay any increased war risk premiums charged by Lloyds underwriters for voyages to the Gulf.

It will be switching its insurance to the Arab War Risk Insurance Syndicate, a grouping of 32 Arab insurance companies, which start operating next January.

The move is part of a drive by Gulf states to keep more insurance business and reinsurance income within the Arab world. It received an impetus from Lloyds' decision last September to allow underwriters to impose a higher war risk premium for Gulf voyages.

A Lloyds official said yesterday that the imposition of the higher war risk premium was at the discretion of individual underwriters. Shipping companies which did not want war risk cover did not have to have it.

Lebanese Ministers fear Christian autonomy move

BY IHSAN HIJAZI IN BEIRUT

LEBANESE Cabinet Ministers were yesterday reported to have expressed fears that the fierce fighting in predominantly Christian areas of Lebanon may be followed by the creation of Christian "autonomy" under Phalangist control.

Now that the fighting has died down, Lebanese are waking up to the gravity of the situation which has arisen after the Phalange party gained total control of the areas and virtually crushed its main Christian rival, the National Liberal Party of Mr. Camille Chamoun, a former President.

Both Mr. Chamoun and Mr. Pierre Gemayel, the Phalangist leader, have described this week's clashes as a "disaster," while Dr. Selim Hoss, the Prime Minister, has called the situation "extremely serious."

Dr. Hoss warned that dominance by a single party will only be at the expense of the "legitimate authorities of the central government."

The Ministers were reported to have warned that Christian self-rule could produce a similar move on the part of the Moslems, which in turn would lead to a partition of Lebanon.

Press reports yesterday put the number of dead in the clashes at 320.

South African railway workers quit Zimbabwe

BY BERNARD SIMON IN JOHANNESBURG

FIVE SOUTH African Railways technicians seconded to Zimbabwe Railways are returning to South Africa without being replaced.

It is unclear at this stage whether the men have been recalled in the wake of rising tension between the South African and Zimbabwean Governments. But a railways official said in Johannesburg yesterday that the men "are coming back at their own request." Another five technicians have returned to South Africa in the past few months.

South Africa has provided assistance to Zimbabwe's railways for several years, because of a serious skills shortage there, and damage done to rail facilities during the seven-year bush war. The technicians carried out maintenance and training work. They have helped to maintain 25 South African steam locomotives hired to Zimbabwe.

The railways official said there was no intention at present to withdraw the locomotives, and that they would remain north of the border if the Salisbury Government wanted them.

Tax clauses changed in Schindler's China deal

By Rodney Hobson in Hong Kong

SCHINDLER, the Swiss lift company, has announced details of an industrial manufacturing joint venture with China, and has disclosed that several aspects of the agreement vary in important respects from the contract negotiated earlier this year.

The venture, a 75-25 split, with China Construction Machinery Corporation holding the major equity share and Jardine Schindler (Far East) Holdings as the foreign partner, aims to modernise *China's* lift industry over the next 20 years. The contract was signed in March and announced in May.

However, Peking's Foreign Investment Commission, which many foreign businessmen had thought would be a rubber stamp authority, engaged Schindler in four further months of negotiations.

Changes were made mainly to clauses relating to profits, *taxation, arbitration*, labour, and the price at which the venture would ultimately be repurchased by China.

The taxes the joint venture will have to pay were not clearly spelled out in the original contract. They are now listed as income tax, sales tax, duty on imported materials, property tax, remittance tax on royalties, franchise fees, licence fees, interest and consultation fees.

Profits should not exceed 20 per cent of the company's net equity, which is original investment plus reinvested capital.

A flat profits tax of 31.5 per cent will apply.

Remittance tax on dividends sent out of China (sometimes called withholding tax) is a flat 10 per cent. This is the *only* tax that *the foreign* partner, as opposed to the joint venture, will have to bear.

Lisbon gives Peking 'most favoured nation' status

BY JIMMY BURNS IN LISBON

SR. BASILIO HORTA, Portugal's Trade Minister, returned yesterday from a 10-day official trip to Peking and Macao during *which* he laid the groundwork for a major strengthening of Portuguese-Chinese trade relations.

Sr. Horta stressed that trade links between the two countries had been "consolidated" as a result of the signing of a commercial agreement in the *Chinese capital* last week. This pledges major co-operation and gives China the status of "most favoured nation." Portugal will relax import duties on certain Chinese products in return for the offer of investment opportunities in mainland China.

Sr. Horta said that Portucel, the state-owned pulp and paper company, has signed an Es 550m (£4.7m) contract for the export of an undisclosed amount of *pulp to China over the next* three years. Portugal has also signed an Es 10m contract which will increase the export of cork products. These currently account for 36 per cent of total Portuguese exports to China.

Sr. Horta said that a number of contracts had been brought closer to completion during his stay in Peking Centrel de Cervejas, the Portuguese state-owned beer company, is continuing negotiations with the Dutch-owned Heineken on a joint agreement for the building of a new beer plant in China. Sr. Horta also mentioned for the first time the possibility of a joint venture *with the Chinese* in the transport and shipping sector. This would involve the export of coal and oil to Europe from the Far East using Portuguese ships.

The Trade Minister also suggested that Macao, the Portuguese-administered enclave on the Chinese mainland, could provide a further stepping stone for increased trade links between Portugal and China.

Bid to boost UK–Yugoslav trade

BY ANTHONY ROBINSON

YUGOSLAVIA'S determination to boost exports to the UK and interest UK companies in joint ventures and industrial co-operation in third countries has been underlined by Mr. Metod Rotar, the Foreign Trade Minister, in his visit to London this week. The Yugoslav dele*gation held talks with the* Bank of England and British Government ministers in connection with Yugoslavia's current efforts to arrange a major balance of payments loan through the Bank of Yugoslavia to back up its current economic stabilisation policy.

UK companies with some exceptions, have not taken full advantage of opportunities in the Yugoslav market, and many appear to have been put off by apparent difficulties in understanding the complexities of the Yugoslav economic and *political* system. To remedy this Mr. Kurt Weisskopf of the London Chamber of Commerce has prepared an expanded version of his booklet, Trading with Yugoslavia, which provides a comprehensive and informative survey of the Yugoslav system for the business reader.

The booklet, now available from the London Chamber of Commerce and Industry, outlines the main priorities of the forthcoming *five-year* plan period and concentrates on pro*viding a practical guide to* marketing, trade fairs, the workings of the various self-managing bodies and economic chambers.

Zambia, Zimbabwe visit set

BY MARK WEBSTER

THE LONDON Chamber of Commerce is planning a 16-day trade and investment mission to Zambia and Zimbabwe in November this year. The mission will first go to Zambia for one week, before going on to Salisbury by air.

Appointments will be fixed collectively in both capitals *with leading government* ministers and their officials, the Chamber says, but there will be time in the programme for individual arrangements.

British exports to Zambia were worth £85.5m last year and a 10-year agricultural programme costing £214m has just been announced in which Britain is *one of* 21 participating countries.

Exports to Zimbabwe are likely to reach £40m this year now that sanctions have ended and the economy is restoring its links with the outside world, trade officials say.

The cost of the trip is £1,089 but there is a British Overseas Trade Board subsidy which would be paid on completion of the mission to companies selling wholly or mainly goods of UK origin.

Finland to ask France for nuclear plant study

By Our Helsinki Correspondent

IN A surprise move Imatra Voima, the Finnish state power company, announced that it is to order a feasibility study for a 1,000 *MW nuclear plant from* France, pitching it against a similar Soviet reactor which has been under study since 1977.

The decision to ask Sofraton *of France to undertake* the study is "a direct and almost immediate result of President Valery Giscard d'Estaing's visit to Finland in early June," Mr. Vesa Laukkanen, an Imatra *Voima spokesman said.*

The study will be undertaken "after the summer vacations and will be a fairly quick one as the standards in France and Finland are close to each other, Mr. Laukkanen added.

With this decision Imatran Voima has opened up the competition against the Soviet 1,000 MW reactor. "The French technology is directly adaptable to Finnish standards, while the Soviet nuclear technology has to be heavily adapted," Mr. Kaleoi Numminen, manager of Imatran Voima commented. A final decision between French and Soviet technology will be made in 1987.

The French alternative comes as the first Soviet unit at Loviisa is closed for its annual check-up which has revealed welding faults in the steam generators, lengthening the closure by at least a month. The inauguration of the Loviisa Two unit has also been delayed because of cracks in the pressure vessel.

The Soviet alternative for the new 1,000 MW plant has already been written into Finland's 15 year trade agreement with the Soviet Union, but the invitation to the French company shows that the need for Soviet imports is not as crucial an issue as they were in the early 1960s when the two Loviisa units were ordered. This is because of the higher price of oil. Two-thirds of Finnsh oil supplies come from the Soviet Union.

New Delhi to invite foreign participation in oil exploration

BY K. K. SHARMA IN NEW DELHI

INDIA'S Petroleum Ministry is working out details of the terms on which foreign oil companies will be invited to explore for oil in the country's vast continental shelf, and an announcement is expected soon.

This represents a major reversal of the decision taken some years ago to allow only the Government-owned oil and Natural Gas Commission to do exploratory drilling in offshore structures, many of which are believed to be potentially oil-bearing on the basis of seismic surveys.

The ban on foreign companies was imposed after the failure of Canadian and U.S. groups, to which concessions had been given, to pursue vigorously the exploration programme contracted for. The concessions were given in the Gulf of Kutch and the Bay of Bengal and the foreign groups abandoned drilling without finding *oil* after fulfiling the minimum terms of the contracts.

The change in policy has been taken because the crushing burden of crude imports on the balance of payments has compelled the Government to step up the programme for exploration, both onshore and offshore, so that foreign sources of oil supplies can be replaced as soon as possible.

Since resources available for exploration and increased production from existing offshore oilfields are limited, it is now *proposed to* invite foreign companies to drill in potential oil-bearing areas. What remains to be decided are the terms of the production-sharing contracts.

Officials say that drilling will be allowed on "commercial" terms. Care will be taken to ensure that the interests of India expertise do not suffer. This means, in effect, protecting the interests of the Oil and Natural Gas Commission, *which* is the *sole* agency for offshore exploration and production.

The Commission has successfully developed the Bombay High and Bassein oilfields in *the western continental* shelf, from where the present production rate is 5m tonnes. Recently, it found oil in the first oil spudded in the Bay of Bengal.

RCA video system for Europe market

BY GUY DE JONQUIERES

RCA, THE U.S. electronics *manufacturer, plans to launch* its videodisc home entertainment system in Europe in mid-1982 and has licensed the General Electric Company (GEC) to make players for it in *Britain.*

Mr. Steve Barone, senior vice-president of RCA, said yesterday that a European version of the system was being developed. The system, called Selectavi*sion, is due to be launched next* spring in the U.S., where it will sell for about $500 (£210).

GEC has not yet committed itself to any firm manufacturing plans but its top management is *optimistic* about the prospects for the videodisc market and believes that, of the three rival types, Selectavision is the most likely to succeed in Britain.

If GEC decides to make the players, it will be competing with Thorn-EMI, which has signed agreements to make and *promote players and discs for a* videodisc system developed by Victor Company of Japan (JVC).

A third system has been developed by the Dutch Philips *group. It is already on sale in* parts of the U.S. and is due to be launched in the UK early next year.

All three systems play back on an ordinary television with *moving pictures* and sound encoded as tiny pits on a pre-recorded disc. But because they use different techniques, discs designed for one system cannot be played on the others.

As well as GEC, two smaller and unnamed British companies have taken out licences to make Selectavision players. RCA says it has also issued licences to most of the major Japanese consumer electronics manufacturers except JVC and its parent, Matsushita Electrical.

NatWest in Mexico credit agreement

HOJALATA Y LAMINA, part of Grupo Industrial Alfa of Mexico, and National Westminster Bank have signed a letter of intent for a $50m (£21m) buyer credit to be guaranteed by the Export Credits Guarantee Department (ECGD) to finance the supply of steel manufacturing equipment.

Meanwhile ECGD guaranteed a £5m line of credit which National Westminster Bank has made available to Ceskoslovenska Obchodni Banka, of Czechoslovakia to enable Czech buyers to place orders in the UK for capital goods and associated services.

ECGD has also guaranteed a $4m loan which Barclays Bank International has made available to Neal and Massy Industries of Trinidad and Tobago to help finance contracts awarded by Neal and Massy Industries to Otto Durr (Great Britain) and Drysys King Conveyors.

Otto Durr will be responsible for the design, supply and installation of vehicle paint shop equipment and Drysys King Conveyors will supply, deliver and supervise installation and commissioning of *a floor and overhead conveyor* system.

Hungary truck deal for DAF

By Charles Batchelor in Amsterdam

DAF TRUCKS, the Dutch commercial vehicle maker, has signed a Fl 60m (£13.23m) agreement to supply truck cabins and chassis girders to the Hungarian industrial group, Raba—initially for a five year period.

The Dutch company took over the order from another—unnamed—West European concern in what is its first move into the Comecon trading area. Raba is the largest *commercial vehicle maker* in Hungary and also produces 200,000 truck axles and 30,000 diesel engines a year.

Mr. Piet Van Doorne, Daf chairman, repeated his earlier *forecast that the company* expects to improve on the 1979 net profit of Fl 21.6m this year after a "not unfavourable" first half. Sales have declined for some of its trucks in a few markets in recent weeks but this is not expected to have much impact

société nationale elf aquitaine

A limited company with issued share capital of 906.373.300 francs. Registered office: Tour Aquitaine, 92 COURBEVOIE, France. Head Office: 7, rue Nelaton, 75015 PARIS. Registration number: RCS Nanterre B 552120784.

REPORT ON 1979 ACTIVITIES

ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 12, 1980

In 1979, relations between the oil producing countries and their customers were thrown into termoil as the OPEC members worked together to limit production to a level that allowed them to maintain market tension. As a direct consequence of this, the Elf Aquitaine Group has further increased its exploration efforts, which have been rewarded by several medium-sized discoveries, and has intensified its trading activities with the aim of increasing and diversifying supply sources.

There has been a marked improvement in net income for the year, due to the general economic climate, to increases in production levels, and to efforts made in all branches of activity to increase productivity.

Principal activities in 1979

■ Exploration

2.23 billion francs were spent on exploration in 1979, as against 1.95 billion in 1978. The 305 wells drilled by the Group as operator or in association with other oil companies led to the discovery of some thirty small and medium-sized commercial fields.

Our gross lease holdings have increased from 1,261,000 square kilometers in 1978 to a total of 1,357,000 in 1979, thus allowing us to project even greater exploration activity for the *current year and for the future.* Exploration rights have been obtained in countries with high oil and gas potential such as Nigeria and Angola in the face of considerable competition.

■ Production

In 1979, Group operated production of oil and other liquid hydrocarbons amounted to 23.7 million tonnes, against 22.9 million in 1978. Group share of these quantities was 18.8 and 18.5 million tonnes respectively. Natural gas production rose from 15.5 billion cubic meters in 1978 to 18.8 in 1979, thanks to the increase in North Sea production.

The Group produced 2.8 million tonnes of sulfur and sold 2.9 million.

Coal production was steady at 1.3 million tonnes in 1979.

The financial situation of our nickel subsidiary, Société Le Nickel (SLN) improved throughout 1979 with sales of 67,000 tonnes compared with 45,000 in 1978. This has led to a reduction in inventories of 22,000 tonnes.

■ crude oil supply, Refining and distribution

Our refining and distribution activities showed profits in 1979, *although these were modest* considering the capital invested in this sector and if we deduct the sums tied up by the increasing cost of inventories. The improvement over last year is due *to the increase in the price of* finished products and to the recovery plan implemented earlier by the Group.

In 1979 the Group had at its disposal some 50.3 million tonnes of crude oil from own production and from third party purchases. Of this quantity, 34.4 million tonnes were treated by Group refineries which processed a total of 36.2 million tonnes, compared to 33.6 million in 1978.

Elf Aquitaine's share of the French market increased slightly (up to 23% from 22.7%) thanks essentially to improved market *penetration in light products.*

■ Petrochemicals and plastics

It was possible in 1979 to pass on the significant increases in cost to end users in the form of increased sales prices for manufactured products.

■ Health and hygiene

There was major change in 1979 in the structure of the SANOFI Group brought about by the merging of certain of its subsidiaries (Labaz, Parcor, Galor, etc.). As a result of this, the SANOFI share has been quoted on the Paris Stock Exchange since the beginning of 1980.

The activities of this sector have continued to grow and the consolidated sales of SANOFI have increased considerably over 1978.

Financial highlights

Funds generated from operations (after the effect of LIFO) were 11,955 million francs compared to 6,457 million in 1978. Some 41% of this improvement came from the refining-distribution sector. Current taxation was 3,733 million francs, depreciation, depletion and amortization accounted for 2,667 million, and the charge for exploration was 1,888 million francs.

After deduction of the current price reserve for the year (LIFO adjustment) of 2,223 million francs, Société Nationale Elf Aquitaine's share of consolidated *net income amounts to 5,571* million francs (against 1,434 million in 1978), giving net income per share of 307 francs for the year.

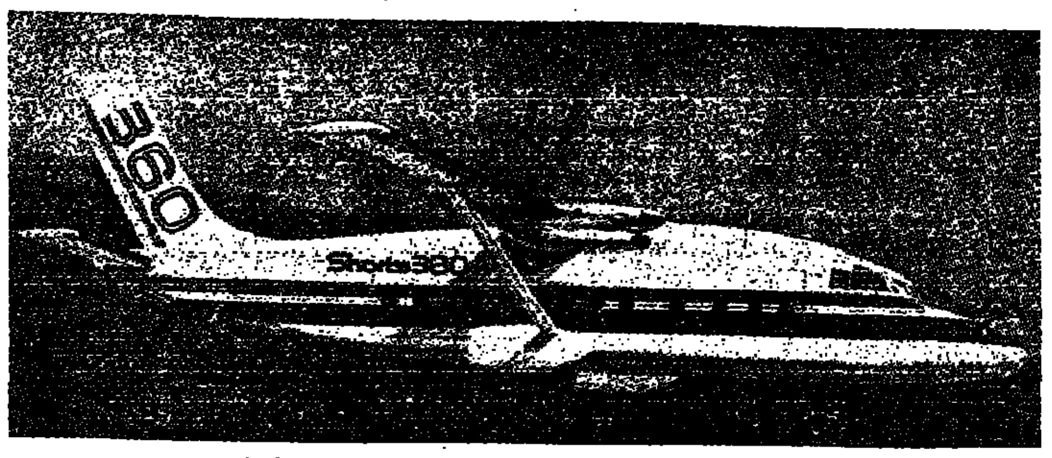
Capital investment in 1979 was 7,185 million francs compared to 6,867 million in the previous year. There was less need for borrowing so that the ratio of indebtedness fell from 44% in 1978 to 38% in 1979.

Net income of the parent company Société Nationale Elf Aquitaine was 2,296 million francs against 906 million in 1978. This was due in particular to the recovery of the refining-distribution sector. The dividend for 1979 amounts to 635 million francs or 35 francs per share (plus the tax credit of 17.50 francs per share). Dividends are payable from July 3, 1980 against delivery of coupon number 25.

The first months of 1980 have been marked by renewed concern in the refining-distribution sector, especially in France, while our exploration and production activities continue to be profitable.

Short Brothers pushes short-haul airliner

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



Artist's impression of the Shorts 360 36-seat airliner

SHORT BROTHERS of Belfast is to spend up to £15m developing the 360, a new, enlarged version of its successful 330 "commuter airliner." It will seat 36 passengers. The existing 330 seats 30. It will make its first flight in September next year and be ready to enter service in late 1982.

Mr. Phil Foreman, managing director of Short Brothers said yesterday the company could see a potential demand worldwide for about 1,000 short-haul airliners in the 20-40 seat bracket, including the Series 330 and 360 airliners.

Short Brothers will build both types of aircraft on the same Belfast production line. It has sold 70 Series 330, worth about £75m, and more sales are being negotiated.

A campaign for the Series 360 airliner was launched late yesterday in the U.S., to which Mr. Foreman flew on Concorde after announcing the aircraft in London.

Finance for the new programme is expected from the Government and private sources. Mr. Foreman said the company was engaged in talks with both.

The new aircraft was designed for short-haul operation, especially in the U.S. "commuter airline" market, which has shown substantial growth in the past year or so in spite of the recession.

This is because many major airlines, faced with soaring fuel costs and pressures for cheaper fares, have withdrawn from many short-haul markets, leaving them to smaller airlines with smaller aircraft.

Compared with the earlier Series 330, the new 360 will have a longer fuselage and a redesigned tail unit. But much of it will be common with the 330, saving development and manufacturing costs.

It will use two Pratt and Whitney (Canada) PT6 turboprop engines, giving lower operating costs compared with rival aircraft types.

Mr. Foreman said development and production of the new aircraft would not increase employment in the company's Belfast factory. "What we are aiming for is stability of the present labour force," he said. It numbers about 6,000, of whom about 3,000 are involved in aircraft production.

£30m North Sea tender by Cammell Laird

BY OUR OWN CORRESPONDENT

BRITISH Shipbuilders' Cammell Laird Birkenhead yard is expected to tender shortly for a £30m-plus contract to build an advanced twin-hull semi-submersible diving support vessel, designed for North Sea work.

The potential buyer is a consortium being set up by the merchant bank Kleinwort Benson, which hopes to place 80-90 per cent of the consortium's equity with institutional investors. The remaining stock will be shared between the Aberdeen-based companies Seaforth Maritime and Wharton Williams Taylor.

British Shipbuilders has commissioned the refinement of an advanced design of the vessel prepared by Submarine Engineering, whose managing director, Mr. Thor Haavie, designed the Uncle John, the first purpose-built semi-submersible diving support vessel in the North Sea.

Cammell Laird will face strong overseas competition. To build the vessel in a foreign yard would cost about £30m. There have been preliminary indications that building it in the UK would cost the consortium between £36m and £37.5m, even taking into account the shipbuilding subsidy provided by the UK's Intervention Fund. The fund, which must be approved by the EEC, would provide a maximum of 23 per cent of Cammell Laird's overall price.

Drilling rig order will mean 800 Clydebank jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A second order to build an £18m drilling rig is likely to be announced shortly by the French-owned company UIE (Shipbuilding) which has taken over the former Marathon yard at Clydebank.

Last month the yard signed an agreement with Permargo, a Mexican drilling company, to build a jack-up rig for use in the Gulf of Mexico.

Oil industry sources suggest that UIE is about to conclude another deal with a U.S. owner.

The orders, the first for a U.K. yard for rigs to be used in U.S. waters, have, up to now, been supplied exclusively by local constructors and confirm the pick up in the rig market, stimulated by a new wave of exploration.

They will secure the 800 jobs at Clydebank until 1982 and are likely to be financed by a Scottish bank, bringing an added benefit to the economy.

UIE may delay the start of construction on a second contract in order to fulfil its obligations to Marathon, which licences the Clydebank yard to build rigs to its patented design.

MP urges repeal of Homeless Persons Act

BY ROBIN PAULEY

THE GOVERNMENT is being urged to repeal the Housing and Homeless Persons Act following a judgment in the Appeal Court yesterday confirming that homeless foreigners arriving in England with nowhere to go are entitled to priority treatment from local authorities.

The court unanimously dismissed an appeal by the London borough of Hillingdon against a High Court order that it was bound under the Act to provide a home for Mrs. Sophia Streeting, a homeless Ethiopian war refugee, and her eight-year-old son.

It rejected Hillingdon's plea that it owed no legal duty to homeless people who had no local connection. Lord Denning said: "The council's duty no doubt puts much expense on it. It may have other cases of homeless people coming into Heathrow Airport. But the airport pays rates and brings money into the area. The housing authority should shoulder the burden." Lord Justice Waller and Lord Justice Dunn agreed.

Immediately after judgment, Mr. Robert Adley, Tory MP for Christchurch and Lymington, tabled a Parliamentary question asking Mr. Michael Heseltine, Environment Secretary, to repeal the Act.

"This judgment is an incitement to people all over the world to land at any British airport or seaport, declare themselves homeless and demand to be housed," he said.

Last week, Mr. John Stanley, Housing Minister, said in a written Commons reply that the Act was under review already and the Government was considering whether any changes were necessary. "We will announce our conclusions as soon as we can," he said.

Mr. John Watts, Hillingdon Council's leader, said yesterday that the council would be looking for every possible loophole "to protect the people of Hillingdon" but would not take this particular case to the House of Lords.

NCCL opposes Bill on marches

THE NATIONAL Council for Civil Liberties yesterday launched a campaign against a Bill which would require the organisers of a march to give advance notice to the police. It opposes the Greater Manchester Bill, a local authority Bill, part of which requires the prior notice.

The NCCL has lodged a formal petition in the House of Commons which means that the Bill will have to go to an opposed Bill committee, where MPs will hear evidence on the notice requirements.

David Churchill considers pressures for shopping reforms

Battle lines drawn on Sunday trading laws

PRESSURE IS mounting on the Government to reform the legislation which prevents most shops from opening legally on a Sunday.

The main pressure is coming from retailers who, faced with a slump in trade, want to extend shopping hours to include Sunday—in the hope of attracting more customers.

The Whiteleys department store in Queensway, London, is fighting a much-publicised legal battle with the local authority to open for Sunday trading in an area where the majority of small shops are already flouting the law and staying open. This confrontation — due to be resumed later this month — is only the tip of the iceberg, however, since many retailers throughout the UK are already opening illegally on a Sunday.

The Government has responded to this pressure with a major internal review by the Home Office of the 30-year-old laws on shop opening hours which have become riddled with anomalies.

The confused situation means for example, that mothers can buy gin but no milk powder on Sundays. Motorists can buy tyres but pedestrians cannot buy shoes. Fish and chip shops must stay closed, but Chinese, Indian, and the newer "fast-food" shops can stay open.

The contradictions are numerous. The National Consumer Council says: "These anomalies are unfair to traders and incomprehensible to consumers."

The 1950 Shops Act is the main legislation governing Sunday trading; some of the anomalies exist because of the various other laws enacted since the 15th century, such as the Fairs and Markets Act of 1448.

Basically, the law prohibits all Sunday trading, with only a few exceptions (see panel).

Some enterprising traders have attempted to get round the law by such methods as selling a bunch of carrots and giving away a "free" three-piece suite, or a rapid conversion to Judaism or other faiths. But the courts have usually ruled against such blatently evasive tactics.

The onus for enforcing the Shops Act falls on local authorities. But their attitude to enforcing the law varies widely and depends mainly on the authorities' financial position to maintain inspectors. Many local authorities turn a blind eye to illegal Sunday trading—although a few, such as Westminster City Council which is pursuing the Whiteley's case, attempt to enforce the law.

In any case, the law is not always immediately effective. If criminal proceedings are taken against a trader, he may just pay a fine and continue Sunday trading. The only effective method for a local authority is to apply to the courts for a civil injunction.

There have been several attempts in recent years to change the laws, ever since the Crathorne committee, set up by the Government, recommended in 1964 that the many anomalies should be removed to make the rules more appropriate to modern trade and more comprehensible to consumers.

Under the 1950 Shops Act all shops must shut for trading on a Sunday, except for:

- **Selling fresh foods (but not meat), newspapers, cigarettes, and medicines.**
- **Shopkeepers whose religious faith celebrates its sabbath day not a a Sunday (providing they shut on their own sabbath).**
- **Traders in holiday resorts, who can open for 18 Sundays a year to sell souvenirs and bathing and fishing goods. A few London street markets are allowed to open on a Sunday—but most are operating illegally.**

However, all attempts have so far failed—including the latest last month by Mr. Clement Freud, Liberal MP for Ely.

The reason for the failure stems largely from the powerful pressure groups opposed to liberalising the Sunday trading legislation. The opposition includes religious groups, such as the Lords Day Observance Society, trade unions such as the Union of Shop, Distributive and Allied Workers, and employers' organisations such as the National Chamber of Trade and the Retail Consortium.

Many individual traders are also opposed to the idea; they fear that any liberalisation would force them to open on a Sunday in order to stay competitive.

Among the main arguments put forward by opponents of Sunday trading are that it will increase prices for the consumer as well as being unfair to shopworkers. It is argued that, if shops opened on a Sunday, retailers would have to pass on to the customer the extra overheads as well as staff overtime.

It is argued also that weekend working by shop staff—many of them women—would severely disrupt their family and social life.

Supporters of Sunday trading, not surprisingly, oppose these arguments. They claim that retail prices would not necessarily increase since the extra costs would be absorbed by the higher volume of sales. The problem of disruption to family life for staff could be overcome by shift or rota systems

The groups ranged in support of Sunday trading include the London Tourist Board, the Institute of Shops, Health and Safety Acts Administration, the Association of Metropolitan Authorities and consumer groups such as the Consumers' Association and the National Consumer Council.

The popularity of shops which are open on a Sunday—especially food shops—suggests that the consumers are also in favour.

On the other hand market research carried out for the National Consumer Council did not suggest an overwhelming demand by consumers for Sunday trading. A third of those surveyed supported longer shopping hours in general and the NCC felt able to conclude that "the most important finding is that the percentage of *people prepared to take advantage* of Sunday opening is now very substantial."

Supporters of reform also point to Scotland where Sunday trading is in many cases legal because the particular provisions of the Shops Act do not apply there. Many large retailers, like Habitat and Asda, open their stores on Sundays in Scotland, without charging higher prices or upsetting staff.

Since the Home Office review of the Shops Act is likely to take at least a year to complete, no early action is expected. Supporters of Sunday trading remain convinced that giving traders and shoppers the freedom to choose when to trade must be an attractive option for Mrs. Thatcher's policy of free enterprise.

California bank to offer mortgages in Britain

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

SECURITY PACIFIC, the second largest bank in California, is planning a major entry into the UK house mortgage market.

The bank, a large mortgage lender in the U.S., said yesterday it had allocated £175m initially for UK home loans. This follows the success of a pilot scheme on which it has lent £25m.

Security Pacific's mortgage allocation may be judged in relation to that of Barclays Bank, which has talked of lending £200m once a scheme is unveiled later this year. So far, American banks have only £150m outstanding for house purchase in the UK.

In a separate move by another U.S. bank in the UK market, Citibank, said yesterday it was setting up a new division in London. It's initial allocation will be £12m for development and venture capital investments in UK companies. The size of investments will range from £200,000 to £1m.

Security Pacific will be marketing its home loans through a network of 25 offices of a Reading subsidiary called Security Pacific Finance. This will be backed by an advertising campaign with a 1981 budget of £300,000.

Under the terms of its scheme, Security Pacific will lend money for up to 25 years at an interest rate of 2½ to 3½ per cent over bank base rate. At present this would mean borrowers paying 18½ per cent at least for their mortgages.

The scheme is aimed at people in the higher income groups seeking mortgages for higher-priced houses. At present the average loan is £30,000 but Security Pacific expects loans to range from £40,000 to £80,000 once the scheme becomes fully operational.

The lending will be funded partly from head office and partly through money market borrowing.

Security Pacific has been preparing for the launch since 1975, and has recruited a staff of 120 people with building society, insurance, finance house and banking backgrounds.

Citibank has been involved in venture capital investment in the U.S. since 1968. It now has a portfolio, including a number of quoted companies, valued at more than $165m.

The UK operation will be marketed through a division called Citicorp Development Capital which will be headed by Mr. J. Eric Sweet, a Citicorp vice-president.

Mr. Sweet said yesterday he was interested in medium-sized technologically-based companies with growth potential. They should have a minimum turnover of around £4m. In addition, Citibank will make investments for replacement of capital in demerger.

Comben offers redundancy guarantee to housebuyers

BY TIM DICKSON

COMBEN GROUP, the publicly quoted housebuilders, launched a scheme yesterday which will guarantee the mortgage repayments of homebuyers for up to three years should they be made redundant.

The scheme, which applies to anyone planning to buy or in negotiation to buy a Comben home, is completely free and takes the form of a single insurance policy taken out by the company. Comben declined to say how much this is costing but emphasised that its house prices were not being increased as a result.

The group also refused to identify the underwriter, except to say that it is "a leading U.S. insurance company." Comben's customers, however, will be given the name individually.

Qualifying purchasers have to be in full time employment when their house contract is signed and have to promise that they are not under notice of redundancy at the time. The offer begins on the day of legal completion. The cover applies for the first three years so that someone who completes this month and becomes redundant in June, 1983, will receive only a month's mortgage repayments. In the case of a joint mortgage, with joint incomes, either party can choose to be covered by the offer.

Comben admits that because of the economic climate demand for new homes is disappointing at the moment—but the group denies its insurance cover scheme is simply a marketing drive. "Our research indicates that fear of redundancy is a major reason why potential house buyers are holding back," says managing director Mr. Terry Roydon.

"There is mortgage money available at present and sufficient homes to buy. But it seems there is a loss of confidence in the future among would be housebuyers."

Comben, which specialises in the £25,000-£40,000 small detached family home, expects to sell about 16,000-17,000 homes in the next 12 months.

Its homework revealed that in a recent sample of its customers only four out of 4,000 have ever been made redundant. "It's all about the perceived risk, as opposed to the real risk," observed Mr. Roydon.

Sainsbury computer plan to save fuel

BY MAURICE SAMUELSON

J. SAINSBURY, the food chain, yesterday announced a plan to control the fuel consumption at 80 of tis 199 supermarkets by a centralised computer system.

It will control heating, lighting and refrigeration equipment, and could eventually be attached to neon signs and fire and security alarms.

With its fuel bills of £7m a year, the company hopes that the system will save £1m a year on top of the £1m which it already claims to be saving through better staff education and heat recovery systems introduced in the past ten years.

Initially, five supermarkets will be linked to the system, which will be monitored and partly financed by the Energy Department. If successful, Sainsbury plans to extend it to 80 of its biggest supermarkets in Southern England by 1985.

Each store will have its own microprocessor connected to the central control at Uxbridge through the public telephone network.

Mr. Gurth Hoyer Millar, director in charge of Sainsbury's buildings, said that the company was already "ahead of the field" in energy conservation, but was now moving "from feudalism to automation."

The system has been tested at a branch in Worcester and will now link with stores at Luton, Cowley, Dunstable and Uxbridge. At the company headquarters in Blackfriars, London, a central computer station will co-ordinate all regional activities and provide a centre for data collection.

Connecting the first five stores will cost £90,000, of which the Energy Department will provide 25 per cent in the form of a demonstration grant. Mr. Hoyar Millar said this was not cheap, "but it is still cheaper than doing nothing at all."

The initial payback period was expected to be three years. But when additional stores were connected, at a cost of £10-£12,000 each, payback time would be cut to one or two years.

Non-teaching school staff cut by 10,000

By Michael Dixon, Education Correspondent

A FALL from 430,000 to 420,000 in the number of non-teaching staff in State schools was reported by the Education and Science Department yesterday.

Reductions of about 28,000 teachers and 32,000 other staff in the next five years were projected in the spring Budget.

Ministers are still worried by local education authorities' apparent failure to achieve the expected economies. School meals savings in particular seem likely to be only half the £200m wanted.

Ways of tightening the squeeze on educational and other local authority expenditure are to be discussed by central and local government representatives in London on July 28.

Friends' Provident wins

BY MICHAEL DIXON

THE £750 first prize in the National Management Plate contest was won in London yesterday by four staff from the Stock Exchange branch of Friends' Provident Life Office.

Their notional consumer-durable company finished with a £5.7m profit. Second prize, £500, went to a four-strong team from Advance Linen, with a profit of £4.9m. Five players from Touche Ross won the third prize, £250

The contest is a subsidiary competition for teams knocked out in the first round of the annual national management championships; sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales. The CBI and Institute of Directors are associate-sponsors.

The championship final, between Shell UK, Samuel Montagu, Rank UK and IMI, takes place in London on July 23 and 24.

BL move to sell cars to unionists

BY NICK GARNETT, LABOUR STAFF

SENIOR TRADE union officials and representatives of BL Cars and its finance and distribution services have set up a joint working party to devise ways of providing financial inducements for trade union members to buy the company's vehicles.

Cheap loan finance and insurance as well as direct cash reductions off the price of cars sold to members of TUC unions are being considered by the working party which hopes to produce proposals within a month.

BL made a presentation of its vehicles and services to officials of 43 unions earlier this week. This was accompanied by discussions designed to promote fleet sales of BL cars to those unions.

The working party, which largely results from an initiative by the trade unions seriously worried at the slump in BL sales is mainly designed to produce ways of encouraging individual union members to buy BL products.

Union officials on the committee are: Mr. Moss Evans, Transport and General Workers Union general secretary; Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers and Mr. Don Paine, General and Municipal Workers Union finance officer.

The chairman is Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff who initiated the BL presentation.

The working party will include representatives from BL Cars, the BL distributors council, and BL finance, which is part of the Lombard North Central.

BL said yesterday that if firm schemes could be worked out it would involve inducements from finance and distribution services which are independent of BL.

"There would be no question of BL itself subsidising any section of the community," the company said.

The company has a target of 20 per cent of the market for the year, but in the first six months had a market penetration of only 17.88 per cent. Last month its penetration was only 13.18 per cent.

The company believes the exclusive use of BL cars for union fleet buying would boost sales by 6,000 cars.

Mr. Grantham said yesterday: "By supporting BL the unions are helping to maintain employment not only in BL itself but also in the supplier industries such as rubber and steel.

"We are ready to discuss ways of encouraging trade union members to buy BL vehicles and so increase the sales potential of the company, make a positive contribution to insuring BL's future and the launching of new models."

Thorn-EMI to shut Essex factory

BY GUY DE JONQUIERES

THORN-EMI, Britain's biggest manufacturer of consumer electronics products, is to shut one factory and cut working hours at two others because of flagging sales of audio systems.

The company's factory at Chigwell, Essex, will close, making 230 workers redundant. A three-day week will be introduced from August 1 for about six months at its plants in Newhaven and Bexhill, in Sussex, which together employ 700 people.

The moves stem principally from a sudden weakening of the UK market for music centres, audio systems in which all components except loudspeakers are built into a single unit, combined with increasingly aggressive import competition.

According to the British Radio Equipment Manufacturers' Association, the market for music centres has stagnated. It expects total sales this year to be at or below last year's level of 985,000 units.

Imports accounted for 185,000 or 75 per cent of the total of 245,000 units delivered in the first three months of this year compared with 105,000 (57 per cent) out of 185,000 during the same period last year.

The imports, chiefly from the Far East, are priced around 25 per cent lower than comparable British manufactured products. Conditions have been made worse by rising levels of unsold stocks.

The Rank Organisation announced recently that it was planning to end production of music centres at the end of this year. Other British-based manufacturers, including ITT, Fidelity and Philips, have also found the market increasingly difficult.

The industry's problems are due partly to a swing in consumers' taste away from music centres in favour of systems composed of separate components or mounted in vertical cabinets.

U.S. company seeks £150m computer contract

BY JASON CRISP

THE HEAT is on in battle for the contract to computerise the Inland Revenue's PAYE system. Burroughs, the U.S. computer manufacturer, yesterday publicly called on the Government to allow it to compete with ICL, the main British manufacturer.

Under present Government policy, the order would automatically go to ICL.

If the Government does allow an open tender, it is feared the contract would go to another U.S. company, IBM.

Burroughs's argument takes into account the experience needed in running a large network system, which ICL does not have.

ICL is worried that if it loses the contract it will be seen as a sign of no confidence by the Government.

The £150m contract to computerise the UK tax system is believed to be the largest European civil computer order to date.

The TUC this week called a meeting with Lord Soames, Lord President of the Council, the Minister responsible for the civil service, to argue that the order, should go to ICL.

First cargo airship may fly next summer

BY LYNTON McLAIN

THE FIRST airship to be produced by Thermo-Skyships—now re-named Airship Industries—since the company raised £1.4m last year from its second attempt to sell shares, is expected to fly late next summer, in partnership with Redcoat Cargo Airlines.

The 164-feet long Skyship NR2 has been designed from the AD500 craft which flew last year to test on a small scale the principles of cargo airship operation.

The venture, said Airship Industries yesterday, was a prelude to a 600-feet-long Skyship R40.

This will cost £4m and may eventually enter full commercial cargo-carrying service with Redcoat Cargo Airlines, which said yesterday that it had signed an agreement with a British manufacturer to buy four of the larger craft by 1984, with options on a further 10 craft.

Airship Industries said the Skyship R40 would use 75 per cent less fuel for each tonne of freight carried a mile than Jumbo jet cargo airliners.

Aid for exhibition

THE GOVERNMENT yesterday agreed to provide £½m to help the National Exhibition Centre, Birmingham, stage the International Textile Machinery Exhibition, one of the world's largest trade shows, in 1983.

The decision has enabled the NEC to lower its charges to compete for the exhibition. The Department of Trade stressed that the money was not intended as a subsidy but to expand capacity at the Birmingham Trade Centre.

£1m tax bill cut to £1400

A £1m income tax assessment was reduced to £1,400 by the House of Lords yesterday.

The assessment had been made on Mr. Cecil Yuill under a section of the Income and Corporation Taxes Act, 1970, designed to prevent the avoidance of tax in connection with dealings in land.

The Revenue asserted that by sales of land to a company called Cecil M. Yuill, in 1974, two Guernsey-based Yuill family trust companies had made a profit of over £1m.

Mr. Yuill was liable to pay tax on that because he had put the profit the Guernsey companies' way, the Revenue contended.

Steel output down 16%

UK STEEL production for June was down 16 per cent on last year.

Although output was 8.8 per cent more than in May at 384,200 tonnes a week, this only reflected recovery from the strike in the British Steel Corporation.

BSC said the figures were evidence of the underlying fall in demand, which was expected to be 8 per cent lower for the whole year. Despite predictions by the main steel union that demand will recover, there is no real evidence of a resurgence.

More offenders sent to prison

THE PROPORTION of offenders convicted of indictable offences and sent to prison, borstal or detention centres between 1974 and 1978 rose from 11 per cent to 14 per cent, according to a briefing paper published today by the National Association for the Care and Resettlement of Offenders (NACRO).

The briefing paper, Trends in the use of custody, 1968-78, shows the number of adult males given immediate prison sentences rose from 15 per cent in 1974 to 17 per cent in 1978, the equivalent female figure rose from 2 per cent to 4 per cent.

Custodial sentences for juvenile offen particularly sharply over the past ten years, with the number of males in this age group sent to borstal rising from 6 per cent to 12 per cent.

Challenge issued on LT service

A CHALLENGE to participate in a TV debate on London Transport's problems has been issued to Sir Horace Cutler, GLC leader, by Mr. Larry Smith, TGWU executive officer.

What Mr. Smith calls "scandalous deterioration in the quality and quantity of LT's services and blames on the present GLC leadership Sir Horace attributes to unions' restrictive practices.

Mr. Smith, writing to Sir Horace, indicates dissatisfaction with the leader's suggested meeting to discuss these practices and urges public debate.

Chemical plants opened by Prior

TWO NEW phosphates plants, creating nearly 50 jobs at the Ann Street Works, Widnes, of Albright and Wilson, were opened yesterday by Mr. James Prior, Employment Secretary.

The plants, producing a water-conditioner and ammonium phosphates cost more than £3.5m and are part of a four-year, £17m expansion programme at the company's Widnes and Oldbury, West Midlands, sites.

Interest rate cut

The Inland Revenue is cutting the rate of interest paid on certificates of tax deposit from 15 per cent to 14½ per cent following last week's 1 percentage point cut in Minimum Lending Rate. The rate on deposits withdrawn for cash is cut from 12 per cent to 11½ per cent.

School trust approval

THE CONSERVATIVE-controlled Greater Manchester Council has won final legal approval for the £1.12m trust it set up in 1978 to provide free and assisted places for local children at independent schools. Five Law Lords dismissed an appeal by the Labour-controlled Manchester City Council.

Shell and Esso plan £15m pipeline for Scots chemical plant

BY SUE CAMERON, CHEMICALS CORRESPONDENT

SHELL AND ESSO intend to spend about £15m on enlarging the pipeline they plan to build from the Scottish coastal terminal at St. Fergus to their projected chemicals complex at Mossmorran, Fife. The aim is to take advange of feedstocks coming from the proposed £1.1bn North Sea gas-gathering system.

Last night the scheme was being seen as part of a plan by a group of major UK-based chemical companies to prevent the U.S.-based Dow Chemical gaining access to gas from the proposed North Sea pipeline. The British companies — BP Chemicals, Imperial Chemical Industries and the Shell group —want to use the gas as a raw material for their own chemical plants in Scotland and on Teesside.

Shell and Esso originally wanted to build a 16 in diameter pipeline at an estimated cost of £50m from the St. Fergus terminal to Mossmorran, 220 kilometres away. The two companies are building a gas separation unit and an ethylene plant at Mossmorran, supplied by gas from the North Sea's Brent field.

But now Shell and Esso have put in a planning application to build a 24-inch diameter pipeline instead of a 16-inch one. This would enable them to use gas from the new North Sea gas-gathering pipeline that was given Government approval last month, as well as Brent gas.

Work on the gas separation plant at Mossmorran is due to be completed early in 1983. The ethylene plant is expected to be finished late in 1984.

A public inquiry into the Shell and Esso land line is to be held in late September. Shell UK says permission for the pipeline is required as soon as possible so that it can be laid by the end of 1982.

Dow Chemical want to build an ethylene plant at Nigg Bay on the Cromarty Firth, using gas from the planned North Sea pipeline as a raw material. Shell says that even if an ethylene plant were built at Nigg, the gas feedstocks would sometimes need to be diverted elsewhere when the plant was stopped for maintenance.

Company liquidations at post-war record

BY JAMES McDONALD

COMPANY liquidations in England and Wales are occurring at more than 120 a week—a post-war record, says Dun and Bradstreet, the international credit reporting and debt collection organisation.

It estimates that total company liquidations in the first half of this year, at just under 3,200, were 43 per cent higher than in the same period of 1979. Compulsory liquidations show the sharpest increase. There were 1,544 winding-up orders, compared with only 928 a year ago—a jump of more than 66 per cent.

Creditors' voluntary liquidations have risen substantially. The 1,655 total recorded in the first half of the year was 26 per cent higher than in the same period a year ago.

Bankruptcies have increased, although at a lesser rate of 3 per cent to 1,859. Dun and Bradstreet says this is the first "significant reversal of the downward trend in bankruptcies since 1977-78."

The organisation suggests statistics are only part of the picture. "Many small firms slip through the net by simply ceasing to trade and disappearing overnight, often leaving large debts behind them."

The survey notes a significant difference between present insolvencies and those of the 1974-75 recession. Today's problems are not confined to small companies. "Low liquidity is forcing even well established companies into extremely vulnerable positions."

With even big companies needing cash urgently, debts are being passed to collecting agencies sooner than usual. Creditors are increasingly willing to take bad payers to the courts, even for small claims.

Dun and Bradstreet has experienced a considerable rise in the volume of credit inquiries, together with more credit checks on regular customers. "Construction companies, even those with high credit ratings, are being very carefully assessed before trade dealings commence."

In the South-East, the agency says even previously secure and reliable companies are now finding themselves in trouble.

It says small printing companies, furniture and fashion retailers are particularly bad payers at present. The organisation's subscribers are pressing harder than ever before for petitions to wind-up slow payers.

In the South and South West Dun and Bradstreet says there has been a 17 per cent increase in the rate of credit enquiries with boat-builders particularly—hit by a sharp decline in demand as well as reduced export sales—often re-assessed for credit.

In the West Midlands and Wales the survey says big companies tend to be the worst offenders by deliberately holding back on payments to suppliers. Credit inquiries in Yorkshire are concentrated on textiles and steel.

Dun and Bradstreet expects its figures to be confirmed later this year by the Department of Trade, whose statistics for the first five months show a seasonally-adjusted total of companies put into liquidation of 2,493—indicating an annual rate of 5,983. The pace of liquidations has speeded in recent months.

Brussels tapestry is top lot at £213,050 sale

SALEROOM

BY PAMELA JUDGE

CONTINENTAL furniture, tapestries, Eastern rugs and carpets made £213,050 at Christie's in London yesterday.

The highlight of the sale was a Brussels tapestry from the History of Cyprus of the mid-16th century, with the weaver's mark of Jan van Tigen. This fetched £20,000. The main furniture item was a Liege oak bureau-cabinet that sold for £15,000.

In a separate sale, Russian and Greek icons amounted to £54,350.

Christie's, together with Hamilton and Hamilton, Dublin, sold the contents of Belvedere, Mullingar, Co. Westmeath, on Tuesday. Spink gave £14,000 for a painting by Edmund Bristow of an Arab stallion by the Great Pyramid. It was a record for the artist. A pair of George II giltwood pier glasses made £5,800. The total realised was £146,837.

Sotheby's main sale of the day comprised 18th and 19th century watercolours and drawings. The highest price was £16,000 for The Visit or the Use of Tears by Richard Parkes Bonington.

William Etty sketchbooks containing studies of nudes went for £12,000. Spink gave £6,500 for a Gainsborough, and Pilkington £6,400 for an Edward Lear.

Jewels made £163,660. An octagonal step-cut 3.77 carat diamond, mounted as a ring between baguette diamond single stone shoulders, fetched £8,500. An emerald and diamond three-stone ring sold for £5,000.

Silver sold well, making £69,391. A Commonwealth porringer and cover, marked on the base and cover by Arthur Manwaring, London, 1657, went to an American buyer for £1,600. Robson Lowe's three-day sale of the Great Britain Minimus Collection amounted to £107,080.

De Beers deal 'evaded spirit of fairness'

BY CHRISTINE MOIR

DE BEERS Consolidated Mines, a South African company, acquired 25 per cent of Consolidated Gold Fields by February 12 in a two-stage process which exploited weaknesses in UK company law and share registration procedures, and involved members of the Stock Exchange in evading the spirit of fairness and disclosure on which the London market is based.

This is emphasised in the 55-page report of a Stock Exchange committee which investigated the affair.

No laws or Stock Exchange regulations were broken by any party, the committee insists, but principals, jobbers and brokers involved "went as far as the law allowed in their wish to maintain total secrecy."

The detailed case study which has taken the three-man committee four months to complete, provides a rare exposure of the workings of the market, including the role of Stock Exchange officials.

At a time when the Stock Exchange's rule book and regulatory mechanisms are under close scrutiny by the Restrictive Practices Court and in the aftermath of the Wilson Report on the City, it is likely to prove highly embarrassing.

De Beers began buying shares in Consolidated Gold Fields on October 26 last year through a number of different friendly companies, each of which acquired less than 5 per cent blocks—so that they were not required under company law to disclose their identities.

The deals were carried out by Rowe and Pitman, brokers, through Akroyd and Smithers, jobbers. Both brokers and jobbers made sure that the transfer forms in each case were left blank ensuring that the true identity of the buyer remained unknown.

Blank forms are not possible for securities traded under Talisman, the Stock Exchange's new computerised dealing system.

Consolidated Gold Fields' shares were announced as being introduced to Talisman, but Mr. Robert Fell, the Stock Exchange's chief executive, removed the company from the computer list after Akroyd had explained that it had a standing order which could be filled only through blank forms.

Despite the secrecy involved, rumours circulated that heavy buying was going on—and the board of Consolidated Gold Fields asked the Stock Exchange to make inquiries.

It made its request because of a large increase in the number of share sales records on its registers which were unmatched by registers of the new buyers. This was because De Beers' Johannesburg brokers, Davis Borkum Hare, were deliberately withholding registration of the deals.

The report confirms that, had it conducted an investigation, the Stock Exchange would have been able to discover from where the buying orders were coming, and so to have exposed De Beers.

However, Mr. Andrew Knight, a deputy chief executive of the exchange, declined to investigate on the grounds that no prima facie breaches of either company law or market regulations appeared to be involved. The committee concludes that both Mr. Fell and Mr. Knight acted properly.

In the second stage of the operation—described as the "dawn raid" of February 12—De Beers instructed Rowe and Pitman to stand in the market for a limited period with the intention of increasing its holding from 14 per cent to 25 per cent.

Rowe and Pitman briefed the jobbers at 9.20 am, the moment at which they began to approach their own clients for shares at a price of 615½p.

The jobbers began buying in the market at 9.30, calling the price 615-618p. They only gave 615½p to brokers who knew enough to ask for the higher price.

Few did so as neither Rowe and Pitman nor De Beers made the customary announcement of a market raide until 11.30 a.m.

Rowe and Pitman also failed to inform the Scottish jobbing firm which makes a market in Gold Fields, of the raid.

The whole deal was over by 9.5 am by which time Rowe and Pitman had picked up 16½m shares. Of these, 58,000 came from the broker's private clients, 13.5m came from 87 of the 191 institutions the firm approached and the remaining 3m from the market.

Of the market shares supplied by the jobbers, primarily Akroyd and Smithers, 1.2m consisted of "short sales" from the jobbers' own books—that is, shares they did not actually own but which they hoped to buy later, after the raid, at a lower price.

The committee is not happy about Rowe and Pitman's and the jobbers' roles during the raid or during the covert build-up of the initial holding when they were aware that de Beers and its friends were the buyer.

However, it stops short of overt criticism because no law or Stock Exchange rule was broken.

But, the report does say that Rowe and Pitman "are to be criticised for a breach of Stock Exchange etiquette in failing to advise the Scottish jobber."

It is also unhappy about the head start given to the brokers' own clients. It regards as "desirable that all brokers should be in a position to start contacting their clients at the same time."

The amount by which the four jobbing firms involved "sold short" also worries the committee. "Short selling is an essential element in a free market," it concludes, but "total freedom to sell short is potentialy inequitable." In other words, the jobbers went too far.

It concludes that the jobbers should have passed on the extra ½p to every broker in the market—instead of only to those who asked for it.

As an aside, the committee notes that De Beers, as a foreign company, could not have conducted its affairs in this manner when exchange control existed.

It suggests that a study should be made whether some new statutory control—perhaps a foreign investment review body—should be introduced.

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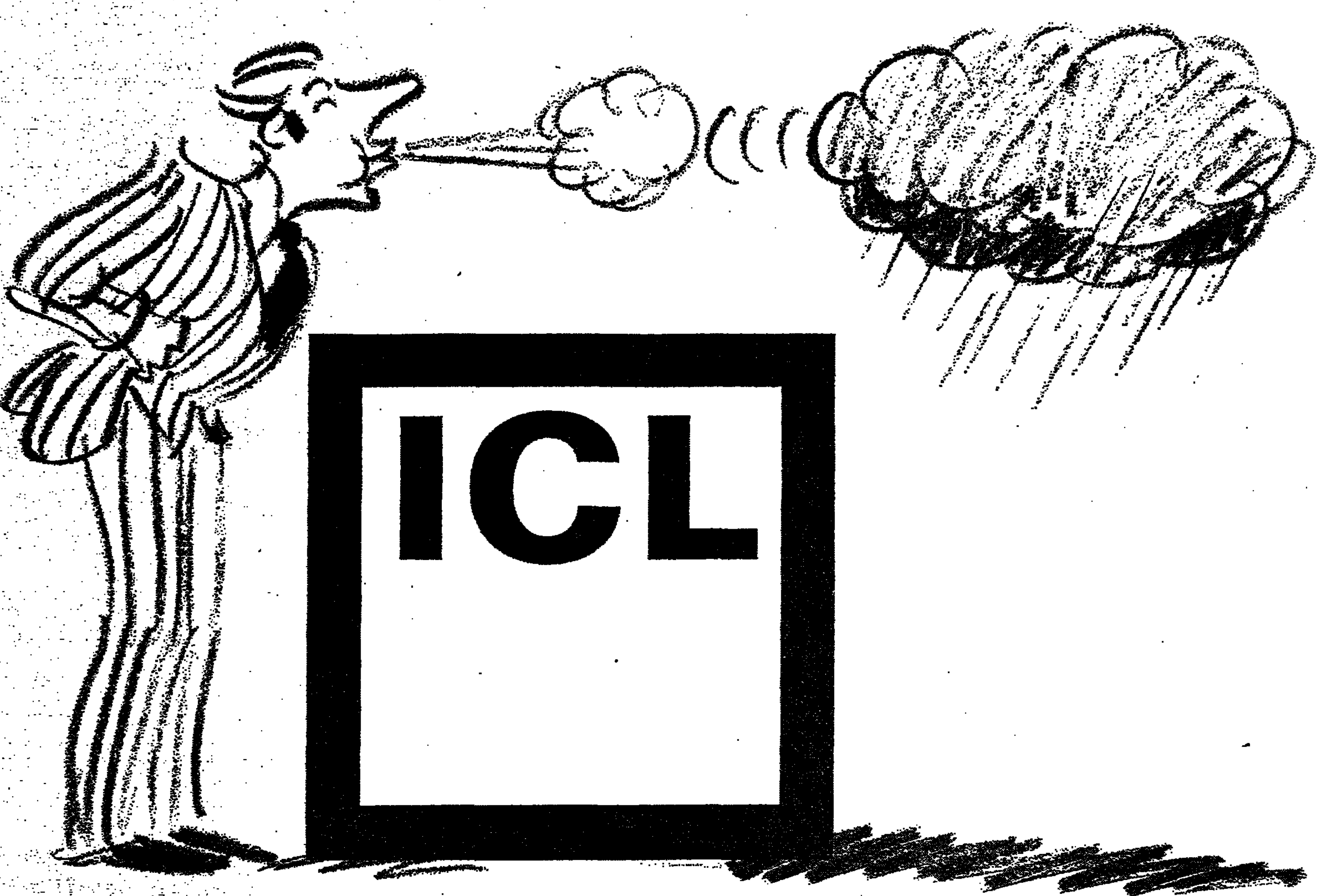

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Miners vote for disobedience

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS yesterday put their union again at the head of political and industrial opposition to a Conservative government, with a challenge to the Trades Union Congress in September to sabotage the new industrial relations law and its curbs on trade union activities.

The final resolution of the National Union of Mineworkers conference in Eastbourne set the seal on a new Left-wing programme for the union, constructed and carried through this week by the militants led by Mr Michael McGahey from Scotland and supported by Mr Arthur Scargill from Yorkshire.

Government policies for wages, economic management, industrial relations, nuclear power, the European Community and the NATO alliance were all embraced by the radical programme.

As it lodges a 35 per cent pay claim, the union will be forwarding to the TUC its demand that the trade union movement refuse to recognise the Employment Bill when it becomes law later this month, and that it should mount a campaign of non-co-operation, including industrial action if necessary.

This should stimulate the most important debate at the Brighton congress for many years because the NUM line is bound to be seen by many moderate unions as too harsh.

Speakers yesterday said that the Bill's measures on the closed shop, picketing and sympathetic industrial action—were so severe an attack on trade union rights—as to justify defiance of the law.

Mr. Peter Heathfield, of Derbyshire, argued that trade unionists would have no alternative but to oppose it—and history provided many precedents for disobedience. Mr. Scargill, in an apocalyptic address, said: "We are perfectly prepared to accept the consequences of our actions, even if it means going to jail."

Such defiance was in the best interests of the trade union movement, he claimed.

The only split vote on a major issue came when the Yorkshire miners succeeded in changing the national union's policy to one of outright opposition to the use of nuclear power in Britain. That vote will undermine the somewhat fragile coalition of power which unions achieved at last year's TUC congress.

Mr. McGahey—for once finding himself on the other side of the argument from Mr. Scargill—used all his oratorical power to try to persuade the delegates neither to isolate themselves from the rest of the movement, nor to seek to leave Britain alone among industrialised nations without a peaceful nuclear technology.

Delegates also called on the Labour Party to mount a campaign for British withdrawal from the EEC in order to regain UK sovereignty for the execution of socialist policies in the future. Mr. Joe Gormley, NUM president, was among those who called for another referendum as soon as possible to decide the issue once and for all.

TUC steel committee seeks talks on Consett

By John Lloyd, Labour Correspondent

THE TUC's steel industry committee is to press for a meeting with the British Steel Corporation on July 23 to express its "grave concern" over the closure of the Consett steel works, in County Durham, where 3,700 workers are to lose their jobs.

The committee met yesterday in Consett, where it heard the views of the workers and local people. The closure of the works will mean that the male unemployment rate in the town will rise to about 35 per cent.

The Consett closure is likely to provide BSC with a bitter struggle. The workforce claims that the plant has been both efficient and profitable, and has said that it, together with the local community, will fight a shutdown.

On Wednesday, some 650 workers staged a demonstration in London, and handed in a petition bearing 20,000 names to 10 Downing Street.

The Government has pledged £19m to build factories in Consett and Scunthorpe over the next five years.

Sealink strike over

THE TWO-WEEK strike by British Rail Sealink ships' officers over pay differentials ended yesterday when the 180 men accepted a new offer.

ITN new technology deal delay threaten Olympics coverage

BY PAULINE CLARK, LABOUR STAFF

PLANS BY Independent Television News to use video-transmission to cover the Moscow Olympics were yesterday said to be threatened by delays in management and journalists agreeing on new technology.

Talks between management and National Union of Journalists members made little progress, in spite of the recent co-operation agreement reached with technicians.

The company wants to use Electronic News Gathering (ENG) — direct transmission through video-cameras—for the first time at major international news events this summer.

The NUJ said that an agreement with the 105 ITN journalists was as crucial to widespread introduction of new technology in British television as had been the pay-and-conditions deal settled with the Association of Cinematograph, Television and Allied Technicians.

ITN agreements with both technicians and journalists are likely to give an important lead to further progress on introduction of ENG in other independent television companies.

Any agreements on the issue at ITN will put the BBC under increasing pressure to reach similar deals with its own unions so it can compete effectively with commercial television's news service.

ITN journalists seek an increase "in double figures," in recognition of extra pressures they say they will come under with use of ENG.

They said yesterday that no offer had been made and that management was considering the NUJ's offer to go to arbitration.

The journalists said use of video-transmission would mean they had to take quicker decisions at news events and work to earlier deadlines.

Job creative

PRODUCTIVITY improvements create jobs, Mr. Jim Lester, Parliamentary Under-Secretary for Employment, said yesterday. A study by the department showed that the 10 industries with the largest productivity growth rates increased employment by a net 165,000 from 1954 to 1973 when total employment in manufacturing fell by 600,000.

Water workers accept pay offer

BY PAULINE CLARK, LABOUR STAFF

A PAY DEAL, estimated at 18½ to 20½ per cent, was reached between the National Water Council and the union representing the industry's 30,000 white collar workers yesterday.

The deal which will add some £35m to the pay bill is roughly in line with last month's settlement for 58,000 gas industry staff, a similar capital-intensive public sector industry.

The Union had rejected an earlier offer of 14 to 16 per cent which is closer to the Government's target for public sector pay.

An increase in water rates, reflecting the deal, is expected.

Pay in the water industry makes up a quarter of total costs. Capital costs represent about half of the total.

The deal is accompanied by a union commitment to accept an efficiency programme which management says involves keeping down manpower requirements.

A middle grade white collar employee currently earns between £6,879 to £8,289 a year in basic wages. The package deal also gives an extra day's leave.

BBC and musicians agree to ACAS talks

By Our Labour Staff

THE BBC and the Musicians' Union have agreed to separate talks at the Advisory, Conciliation and Arbitration Service today in an effort to resolve the six-week strike over the corporation's axing of five symphony orchestras. The talks could lead to a joint meeting.

The move comes only a week before the Promenade Concerts are due to take place. The BBC has insisted so far that if the concerts were cancelled, it would be the union's fault.

But BBC officials said yesterday that the corporation had fresh proposals or it would not have called the ACAS meeting.

The main scope of the proposals seems likely to rest on a compromise over the Scottish Symphony Orchestra.

Mr. John Morton, the union's general secretary, said the union was concerned about all five orchestras. Its response would not rest on any move on one.

ICI day of protest

"THOUSANDS" of ICI white-collar staff were expected to join a protest day of action over a 16 per cent pay offer, the Association of Scientific, Technical and Managerial Staffs said yesterday. It is their first industrial action.

Wage cut vote

MORE THAN 700 drivers and conductors employed by the Northampton-based United Counties Bus Company started voting in a secret ballot yesterday on whether to take a £30-a-week wage cut to ease the company's £1m a year losses.

Observer offer

THE OBSERVER newspaper confirmed yesterday that it had not improved its offer to the National Graphical Association in talks on Wednesday. The union's national council is to consider the offer on Tuesday.

Papers back

THE GLASGOW Evening Times and Glasgow Herald resumed publication yesterday after a nine-day dispute involving case room workers.

Times threat

JOURNALISTS at Times Newspapers will debate strike action at a mandatory chapel (office branch) meeting in the week beginning July 21. Management has said it will not resume negotiations on its 15 per cent pay offer until then.

Union wins ruling on flag of convenience ships

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE INTERNATIONAL Transport Workers Federation (ITF) has won an important legal victory in its campaign to drive from the seas ships flying flags of convenience.

The Court of Appeal decided yesterday that any dispute arising from actions taken by the ITF to further that "ultimate objective" was a trade dispute and covered by the immunities from court action afforded by the 1974 Trade Union and Labour Relations Act.

Even a dispute not directly related to the terms and conditions of employment of the seamen immediately involved would come under the Act, the court held.

The Act defines a trade dispute as being one concerned with the terms and conditions of employment of workers.

The case concerned a demand for $6,480 contribution to the ITF welfare fund made to Universe Tankships Inc. of Monrovia as part of a ransom package for the release of the 269,092 tanker Universe Sentinel when she was "blacked" by the ITF at Pembroke docks in 1978.

The ITF appealed against a commercial court judge's ruling that the company was entitled to get the money back because it had been paid under duress and had not been legitimately demanded in a trade dispute.

Lord Justice Megaw said that, in view of past court decisions, notably that of the House of Lords in the Nawala case, the Appeal Court was driven to the conclusion that the welfare fund dispute had to be regarded as one connected with terms and conditions of employment.

That was because of the possibility that Universe Sentinel crew members, or other seamen employed by Universe Tankships or other shipowners might derive benefits in the form of amenities at seaports, or perhaps even financial assistance, from the welfare fund.

Such possible "fringe benefits" would establish a connection—though perhaps a tenuous one—between the fund and the seamen's terms and conditions of employment, said the judge.

The court also overturned the Commercial Court's ruling that the intention had been that the $6,480 should be held in trust for the fund, but that, as the fund's purposes were not charitable, the trust was void and the money repayable.

IDEALISTS IN TALKS WITH MRS. THATCHER

Suspicion meets unpaid work idea

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE ORIGINS of the proposal by Mr. Prior, the Employment Secretary, that the unemployed should take up unpaid social work lie in a plan by an idealistic organisation, Community Service Volunteers. CSV was running on a shoestring for 18 years before being projected to the centre of a national drama.

The plan was to extend the scope of its work by finding community employment for 2,000 more volunteers, raising the number placed by the organisation in a year to 5,000. Its resources—it receives about £4.5m a year from central and local Government, and from donations—did not allow such ambitious expansion. It thus went to the Government for more.

How much more has not been revealed. However, Mrs. Elisabeth Hoodless, CSV's executive director, says the cost of placing a volunteer in community service is about £220, while that of keeping him in board and lodging, with some spending money, is about £25 a week. Roughly, then, the extra funds needed will be more than £3m.

Such sums do not usually involve the Prime Minister, Sir Keith Joseph, Industry Secretary and Mr. Prior in earnest discussions at 10 Downing Street. However, they did on Monday night with Mrs. Hoodless and Dr. Alec Dickson, CSV's founder. Though they received no promise of money, their views received close attention. Further meetings are planned with Lord Gowrie, Employment Minister.

Since foundation in 1962, CSV's major purpose was creation of voluntary work for those wishing to serve the community by running playgroups, working in old people's homes, or providing services to the less fortunate. Dr. Dickson adapted the idea from Voluntary Service Overseas, which he had founded.

This was an uncontentious project in the full-employment '60s. By the mid-'70s, however, it became clear it was playing a role in the employment market, especially the youth-employment market. Now, as unemployment climbs towards 2m, it is seen by a hard-pressed Government as a source of inspiration for ways to avoid the social anomie attendent on jobless youth.

The unions view such ideas with concern. Mr. Terry Parry, TUC president, who is general secretar yof the Fire Brigades Union, told the Mineworkers' conference in Eastbourne yesterday that if Mr. Prior meant putting people to work on the roads, the idea was "not on at all." Others, like Mr. Bill Whatley, general secretary of the shop workers union USDAW, has said people doing community work should be paid.

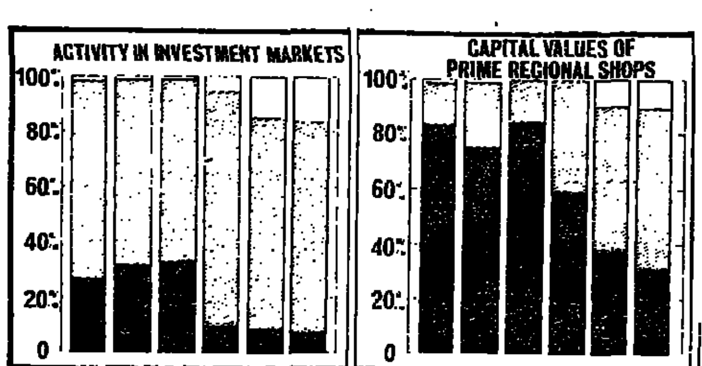
The Government has stressed that Mr. Prior did not mean the unemployed would be forced to work in road-gangs, or anything like it. Any schemes, it says, would be wholly voluntary, and were at discussion stage. Both Mr. Prior and his Department of Employment colleagues have expressed surprise over the fuss being made.

After all, they say, such community service work already goes on, through CSV and other bodies, and any scheme would be undertaken only after consultations with unions. The TUC has other ideas.

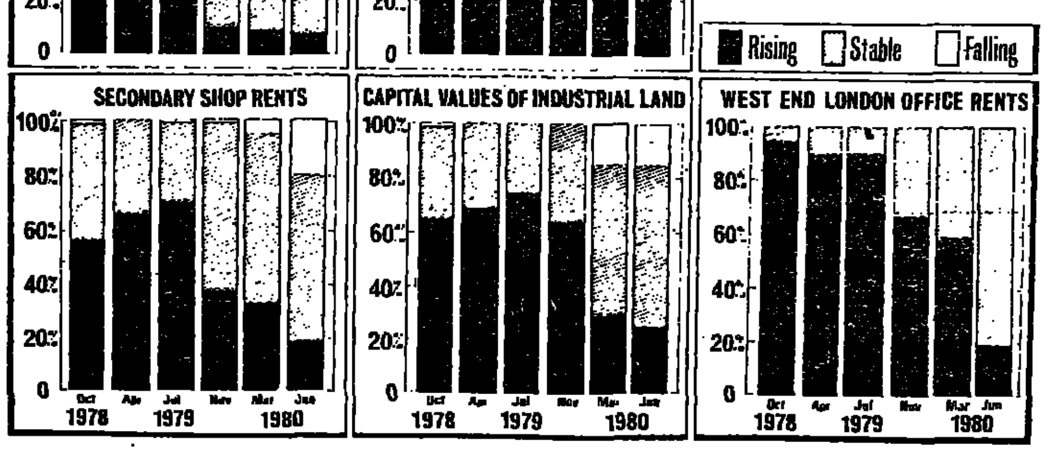
By coincidence, its economic committee decided to make unemployment the central theme of its campaign for economic and social advance a few hours before Mr. Prior spoke of his thoughts.

Mr. Prior's off-the-cuff revelation has revealed a serious strand of Government thinking, one present at the highest level. It is, however, an emotional and highly-charged area where unions will be suspicious of any initiative.

PROPERTY MARKET INDICATORS



● A poll by the Royal Institution of Chartered Surveyors. RICS members' firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.



AREAS		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NATIONAL
Compared with three months ago: QUESTION 1																
What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	50	19	33	46	37	60	37	29	9	36	41	38	30	60	37
	S	50	81	67	54	63	40	63	71	91	64	59	56	70	40	63
	F	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0
(b) Prime Regional Shops	R	20	7	22	25	22	40	67	36	55	25	50	27	67	60	35
		80	50	78	71	44	50	33	57	27	67	50	73	33	40	56
	F	0	43	0	4	34	10	0	7	18	8	0	0	0	0	9
(c) Secondary Shops	R	17	0	0	4	11	27	37	21	27	8	44	13	56	20	19
	S	66	69	75	83	56	55	50	50	46	77	50	67	33	80	62
	F	17	31	25	13	33	18	13	29	27	15	6	20	11	0	19
(d) Modern Factories	R	0	29	33	26	0	18	25	8	18	29	38	15	22	25	22
	S	100	57	66	74	100	82	75	92	82	71	62	77	78	75	77
	F	0	14	0	0	0	0	0	0	0	0	0	8	0	0	1
(e) Modern Warehouses	R	0	29	33	26	0	18	12	7	27	36	38	29	30	60	25
	S	100	71	67	74	100	82	88	86	73	64	62	71	70	40	74
	F	0	0	0	0	0	0	0	7	0	0	0	0	0	0	1
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	8	7	11	25	29	11	40	18	14	15	17	13	0	20	15
	S	92	93	89	65	71	89	60	82	86	85	83	80	100	60	83
	F	0	0	0	10	0	0	0	0	0	0	0	7	0	20	3
(b) Prime Regional Shops	R	14	7	14	24	38	10	29	8	22	25	14	7	0	20	16
	S	72	71	86	71	50	90	57	84	56	75	64	79	100	60	73
	F	14	22	0	5	12	0	14	8	22	0	22	14	0	20	11
(c) Secondary Shops	R	43	69	43	45	25	10	14	25	33	46	27	23	0	20	33
	S	43	31	57	45	75	70	57	58	56	46	33	54	100	80	86
	F	14	0	0	10	0	20	29	17	11	8	20	23	0	0	11
(d) Modern Factories	R	0	20	14	35	14	33	20	18	14	25	36	31	0	0	22
	S	100	80	86	60	86	67	80	82	86	75	64	54	100	75	74
	F	0	0	0	5	0	0	0	0	0	0	0	15	0	25	4
(e) Modern Warehouses	R	0	20	14	35	14	33	20	18	14	27	36	29	0	20	23
	S	100	80	86	60	86	67	80	82	86	73	64	64	100	60	75
	F	0	0	0	5	0	0	0	0	0	0	0	7	0	20	2
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	17	13	18	38	43	33	50	31	13	23	62	23	22	20	29
	S	75	80	82	46	43	67	50	69	87	69	31	62	78	60	64
	F	8	7	0	14	14	0	0	0	0	8	7	15	0	20	7
(b) Prime Regional Shops	R	12	22	22	26	22	30	56	29	36	17	44	33	56	40	31
	S	76	64	67	61	44	60	44	64	46	66	50	67	44	40	58
	F	12	14	11	13	34	10	0	7	18	17	6	0	0	20	11
(c) Secondary Shops	R	33	0	0	5	0	9	38	20	18	8	44	7	50	0	16
	(S)	33	38	62	41	78	55	24	47	46	46	31	71	40	100	48
	F	33	62	38	54	22	36	38	33	36	46	25	22	10	0	36
(d) Modern Factories	R	0	20	30	0	0	9	12	7	18	14	24	7	22	25	13
	S	100	60	70	87	89	64	76	93	73	64	70	79	67	50	75
	F	0	20	0	13	11	27	12	0	9	22	6	14	11	25	12
(e) Modern Warehouses	R	0	22	30	0	0	9	0	7	20	14	25	14	40	20	14
	S	100	67	70	87	89	64	88	86	70	64	69	79	50	40	74
	F	0	11	0	13	11	27	17	7	10	22	6	7	10	40	12
(f) Industrial Land	R	17	25	30	22	22	18	12	14	46	29	32	36	30	0	25
	S	66	50	40	61	67	55	76	72	36	50	62	64	60	75	59
	F	17	25	30	17	11	27	12	14	18	21	6	0	10	25	16
QUESTION 4																
Activity in Investments Mkts	R	17	18	29	5	14	0	17	0	0	9	7	0	0	20	8
	S	83	73	57	57	72	100	66	77	75	64	86	100	86	40	75
	F	0	9	14	38	14	0	17	23	25	27	7	0	14	40	17

Property feels the pinch

THE IMPACT of record interest rates and the industrial recession is now making itself felt in many sectors of the commercial property market, with rents peaking in most areas of the country, according to the latest national opinion poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

On a national basis the poll shows that 63 per cent of commercial agents and major investment institutions replying to the June survey, report office rents remaining largely static during the previous three months.

This is the first time since June 1978 that the proportion of agents reporting no movement in office rents has been higher than those indicating rising rents. In the March survey 54 per cent of respondents said that office rents nationally had continued to rise in the previous three months. This time, only 37 per cent said that office rents were still rising.

This picture of rents peaking for a wide range of premises has been repeated in many parts of the country during the second quarter of this year. However, in only a few instances—notably secondary shops—have rents fallen in cash terms.

After allowing for the impact of inflation, rents have been falling since spring last year. Office rents, nationally, have apparently declined by around 5½ per cent in real terms during the past 12 months.

Similar falls in the real level of shop rents have also occurred but the decline in the real level of factory rents—buoyed up by the strong demand for small industrial/warehouse units—has, so far, been less marked.

But with inflation now running at an annual rate of more than 20 per cent and at best only marginal growth anticipated in cash rents, this trend can be expected to worsen in the coming months.

Even in the prestige City of London office market, only 50 per cent of commercial agents and institutional investors said that rents had continued to rise during the second quarter of this year. A similar proportion said that rents had remained static.

Although this may reflect a shortage of deals, given the limited amount of office space available in the City, recent lettings suggest that rents here too are beginning to peak with Deutsche Bank recently agreeing to pay £23.50 a sq ft for 70,000 sq ft of offices at 6-8, Bishopsgate—the highest rental so far agreed for large City space.

In nearby Holborn, office rents appear to have peaked at £16 a sq ft while in the West End a ceiling of £16 to £17 a sq ft has been reached for good quality large space.

According to the RICS poll, 81 per cent of respondents in June said that office rents had now stopped rising in the West End and only 19 per cent reported continuing growth in rents.

More disturbing is the sharp rise in replies suggesting that West End prime shop rents have now started to fall in cash terms. This sector of the retail market has been particularly badly hit in recent months by the general decline in consumer spending but also by the fall-off in the tourist trade, upon which West End shops have relied heavily in the past.

According to the RICS poll, 43 per cent of agents and major investment institutions replying in June said that prime West End shop rents were now falling compared with only 5 per cent and 6 per cent reporting falling rents in the two previous quarterly surveys.

Elsewhere prime shop rents are largely holding their own, although there were mixed responses on the question of rental movements from agents in the East Midlands and the North. However, the proportion of respondents reporting falling rents for secondary shops has risen sharply in most regions since the beginning of the year.

In the industrial property sector the economic recession has been reflected by a slow-down in the rate of rental growth and in the second quarter of this year threequarters of agents, nationally, said that rents for new factories and warehouses had stabilised.

But despite the more gloomy outlook for commercial property rents, there have been no signs yet of any weakening of capital values and yields in most sectors of the market covered by the poll.

The exception is, again, secondary shops where 36 per cent of respondents, nationally, said that capital values had fallen in the three months to June. The highest proportion reporting falls involved the West End where 62 per cent said that secondary shop values had fallen.

Most observers expect that values and yields at the top end of the market will continue to be largely underpinned by the great weight of institutional money chasing an increasingly scarce supply of prime investment opportunities. Lower down the scale, yields and values likely to face growing pressure as the economy moves deeper into recession.

It is against this background that many agents and institutions replying to the RICS poll have expressed reservations about Government plans to establish new style enterprise zones to attract private investment back to decaying inner city and urban areas.

The zones—to be of no more than 500 acres — are to be established in seven or eight areas of the worst "physical and economic decay." They will offer a wide range of benefits including freedom from development land tax, local authority rates and a number of planning restrictions and regulations.

Replying to a special question in the RICS poll about the likely impact of enterprise zones on industrial demand many respondents welcome the new initiative but doubted if it would be sufficient in itself to persuade developers and institutions to invest in these areas on any large scale.

Others feared that the benefits offered by the zones would "have an adverse effect on land and property capital and rental values in surrounding areas." There were also fears that "shanty towns" could arise in enterprise zones as a result of the "proposed cutback in certain planning regulations."

Presently it is proposed that enterprise zones will be established for an experimental 10-year period and some agents felt that industry would fight shy of long-term investment "if there is a danger that an area may develop in an unattractive fashion" or that "when the incentives run out growth in the zone will disappear with them."

The principal reservation, however, was that private investment was unlikely to be attracted to areas where there were poor transport systems, inadequate housing and serious shortages of labour and where a wide range of incentives were already being offered in terms of "rent free periods, reduced rates and capital allowances."

"If an area is in decline it is for a reason—enterprise zones do not get to the root cause of this and may only be a palliative. The drift of industry and commerce to the south-east seems as inevitable as the drift to the towns was in the 19th century," says one agent.

The commercial property market therefore looks to be facing tougher times ahead and it is those regions and sectors of the market with the least economic strength that will suffer worst, enterprise zones notwithstanding.

ANDREW TAYLOR

Inflation rise will be within 16.5%—Howe

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE RISE in inflation for the 12 months from November 1979 to November this year will be within the 16.5 per cent figure forecast at the time of the Budget. *Sir Geoffrey Howe*, Chancellor of the Exchequer, told the Commons last night.

This November to November forecast, on which the autumn upratings of pensions and benefits are based, had met with widespread scepticism and many critics of the Government's policies firmly believed that it would never be achieved.

But Sir Geoffrey said he saw no reason to depart from the view that the inflation increase would be within 16.5 per cent.

"Leading indicators on the future movement of the Retail Price Index all point to a slowdown in price inflation consistent with the Budget forecast," he declared.

"There are now clear signs that we are beginning to come to terms as a nation with the realities of the economic and industrial situation."

Sir Geoffrey—replying to a Labour motion which claimed that the Government's economic policies had inflicted intolerable damage on British industry—was in a series of fierce clashes with **Mr. James Callaghan**, the Opposition leader, over the Government's attitude to the unions.

The row blew up when Sir Geoffrey acknowledge that greater realism was creeping into wage bargaining but criticised some union leaders for failing to acknowledge the need for responsible wage claims.

In a compative mood, Mr. Callaghan taunted Sir Geoffrey, who had said that the Government's policies would take time to work through. Mr. Callaghan wanted to know just what period of time he had in mind.

There were more Labour jeers when Sir Geoffrey said that it would be within the lifetime of this Parliament. Returning to the attack, Mr. Callaghan wanted to know why the Government's own forecasts were that manufacturing output would decline for every year of the present Parliament.

Sir Geoffrey told him that the Labour Party could help by putting its full weight behind responsible pay bargaining.

"Sadly, too many trade union leaders are shying away from that reality," said the Chancellor.

In another angry intervention, Mr. Callaghan pointed out that the Government could hardly expect union co-operation when Sir Keith Joseph, the Industry Secretary, had described the unions as "one of the six poisons of society."

There was more uproar as Sir Keith, sitting beside Sir Geoffrey, appeared to be trying to intervene to reply to the accusation.

But Sir Geoffrey maintained the quotation was out of context and that Sir Keith had said that great damage was done to society by the politicisation of trade unions.

"Politicisation of our trade union movement has indeed done great damage to the cause of our workpeople in this country," said Sir Geoffrey.

"The fortunate feature is that notwithstanding that, some union leaders are showing very real sense in the present situation.

"But I regret that that useful attitude is not share by other trade union leaders. I regret that some still describe reducing wages to save jobs as 'stupid.'"

HOWE: "Indicators point to a slowdown in inflation"

The Chancellor stuck firmly to the Government's monetary policies. If they were relaxed the upward impact on inflation would be certain and would be followed by a similar impact on interest rates and employment.

If hte country was to achieve the necessary reduction in monetary growth which would bring interest rates down, then the public sector borrowing requirement must be steadily and substantially reduced as a proportion of national income. The House and the country should be in no doubt that the Government would persevere in that.

"There is no question of us losing control of spending and borrowing in the short term," he emphasised.

Central Government expenditure was not running at a level which was out of line with the Budget forecast and cash limits. There should, however, be no doubt whatsoever that if problems did arise, corrective action would certainly be taken.

He was equally determined to secure effective control of local Government expenditure.

This need for realism would govern his approach to cash limits for the public services and nationalised industries. Cash limits for next year must be significantly lower than last year.

"This does not mean any setting up of norms in the public sector. It is simply a statement of the reality that faces the Government."

"Comparability cannot be allowed to produce results which are way out of line with what is happening in the economy."

He brushed aside sugegstions that the Government should help business by redusing corporation tax and the employers national insurance surcharge. He questioned whether this would be in the best long term interest of business.

The best service the Government could perform for industry was to keep down the burden of financing the public sector and to pave the way for lower rates of inflation.

"It will be some time before industry sees the full benefits of that policy," said the Chancellor. "But the recent reduction in minimum lending rate provides a firm indication that we are movng in the right direction."

Leading the Labour attack, Mr. Denis Healey, Shadow Chancellor, drew a grim picture of the prospects for business. In the last three months, he said, more than 2,000 companies had gone into voluntary liquidation and more than 800 had been compulsorily wound up.

"If the trend continues—and it may well worsen—we could have well over 6,000 firms go bankrupt by the end of this year," he predicted.

Mr. Healey emphasised the social unrest that this would cause and thought that it could lead to further riots by black youths like the one in Bristol.

Some industrialists he had spoken to felt that unemployment was likely to reach 2m this Christmas rather than the end of next year as expected by the Government.

All of this, he argued, was a direct result of Government policies. He said Sir Keith Joseph had referred to the process as "a perennial gale of creative destruction."

Scornfully, Mr. Healey said this showed that Sir Keith was trying to galvanise the entrepreneur by "strapping him down in an electric chair and throwing the switch."

He accused the Chancellor of trying to engineer the collapse of Britain's ICP computer company by abandoning the Government's longstanding commitments to give it preferential treatment in public sector purchasing. The Government was now throwing open a £150m order for Inland Revenue computers to a bid by IBM of the U.S.

Callaghan hits out on levels of unemployment

BY IVOR OWEN

LABOUR IS to mount a sustained Parliamentary campaign to ensure that the Government's failure to prevent unemployment soaring to record post war levels is kept in the centre of the political stage at Westminster.

Mr. James Callaghan, the Opposition leader, announced this in the Commons yesterday after he ha dagain failed to prise any indication of a shift in the Government's economic policy from the Prime Minister.

In some of the noisiest Question Time exchanges of the present Parliament, he repeatedly interrupted Mrs. Thatcher and accused her of trying to evade responsibility for the growing numbers out of work.

As Mr. Callaghan slapped his thigh with irritation, the Prime Minister reminded him of his own earlier statements, when Labour was in office, that no Government could spend its way out of inflation and that if it tried to do so it would only make unemployment worse.

"I can no more guarantee jobs for everyone than you could," she snapped.

Ignoring Government protests, Mr. Callaghan persistently heckled the Prime Minister and she had difficulty in making herself heard.

"It is rubbish," he stormed.

Mr. George Thomas, the Speaker, intervened: "Whatever it is, the Prime Minister is entitled to say it."

Mr. Callaghan argued that it was possible to keep inflation under control and have a diminishing level of unemployment provided the Government followed the correct economic policies.

The Prime Minister retorted that Mr. Callaghan was urging the Government to print more money and spend its way out of inflation.

To Tory cheers she insisted: "We will not do it."

Mrs Thatcher denied that Mr **James Prior**, the Employment Secretary, had ever advocated compulsory social work for the unemployed.

Callaghan: accused Mrs. Thatcher of evading responsibility

She told Mr **David Alton** (Lib., Liverpool Edge Hill)—who claimed that Mr Prior had been forced to retract his original statement—"There is never any need to retract a statement which was not made."

Mrs Thatcher said preliminary discussions about the introduction of a scheme for voluntary work for the unemployed had been held and the objective would be pursued.

● The Prime Minister refused to give any new undertaking on the early implementation of the Conservative election pledge that all Welsh language programmes would be broadcast on the fourth television channel.

She was pressed to reconsider the Government's position by **Mr Geraint Howells** (Lib., Cardigan), who asked her to save **Mr Gwynfor Evans**, President of Plaid Cymru, who had threatened to "starve himself to death" in October unless the Government honoured the commitment.

Mrs Thatcher said she deeply regretted the threat made by Mr Evans. "But neither he nor any responsible person could ever expect the Government to respond to that kind of action."

No evidence of police brutality, say MPs

A COMMITTEE of MPs has found no evidence of police brutality against people held in custody. The finding was reported yesterday by the all-party Commons Home Affairs Committee.

The report, however, stresses that this conclusion does not cover individual allegations of police brutality.

The MPs say: "Though we did not attempt to investigate individual allegations, we found no evidence to support generalised accusations of police brutality to those in custody."

They call for chief constables to be obliged to report to the Chief Inspector of Constabulary every death in custody, and for this information to be published annually.

"We are satisfied that the prescribed procedure for the care of persons in custody can afford adequate protection provided that they are strictly adhered to," said the committee.

"Chief officers of police should arrange for sufficient random checks to be carried out

Local police chiefs should also ensure the lighting in cells is good enough for proper medical examinations

The MPs continue: "Police authorities, in co-operation with local voluntary organisations, should investigate the means of providing in their own areas relatively inexpensive care and reception centres for persons detained in custody suffering from drink, drugs or minor injuries.

The report also calls for:

- **The reporting of all deaths in police custody to the coroner,**
- **the holding of inquests on all deaths in legal custody.**
- **civilians to be employed as coroners' officers,**
- **legal aid for interested parties at inquests.**

Committee member Mr. George Gardiner (C., Reigate) said at a Westminster press conference to launch the report yesterday that many of the accusations of brutality which led to the inquiry had come from Mr. Michael Meacher (Lab., Oldham West).

In view of the committee's report, Mr. Gardiner said: "Mr. Meacher does owe a very generous apology to every serving member of Britain's police forces.'

Mr. Meacher, however, said: "I am convinced I was right to raise the issue because I think it is a very murky area. What has come to light justifies my campaign and I believe it will reduce the chances of maltreatment of prisoners in future.

"Mr. Gardiners accusations are absolutely wild and entirely unjustified by the report. He treats it as if it is an exoneration of the police and it is nothing of the kind."

Pipeline project 'might be viable'

THE GOVERNMENT will undertake a detailed examination of a study from Coopers and Lybrand which suggests that a gas pipeline to Northern Ireland might be financially viable, Mr. Giles Shaw, Northern Ireland Under Secretary, told the Commons yesterday.

But be made clear that in the meanwhile, the decision announced last year that a gas pipeline project would not be financially viable must stand. Discussions with gas undertakings which had already decided to close must continue, said Mr. Shaw.

Replying to questions in the Commons on the Coopers and Lybrand report, Mr. Shaw accepted that it suggested that the pipeline might be financially viable. "We must assess that case, but the fact remains that the deficit financing in the report came to £130m in relation to this project."

Mr. Shaw said that future policy o nelectricity in Ulster would now depend on the outcome of a comprehensive review of the Northern Ireland Electricity Service now in progress. In the meantime, the Government had accepted a recommendation from the service that work on the second phase of the Kilroot power station should cease.

ELINOR GOODMAN REPORTS ON LABOUR'S 'DRAFT MANIFESTO'

'Everything Labour activists dreamed of'

AMID THE CONFUSION and in-fighting which surrounds almost any action by Labour's National Executive, the NEC yesterday published an example of the kind of policy statement which could become Labour's next election manifesto if the Left succeeds in getting the rules changed over who writes the manifesto.

According to one member of the Shadow Cabinet, depending on where you stand in the party, it is either an "advertisement or a health warning" for the system which the Left hopes will finally get on the rule book at this autumn's party conference.

Written across the front, he says from his amittedly jaundiced position as a Labour moderate, ought to be the slogan "vote for a change in the rules and you will get everything you, and Tony Benn, ever dreamed of as a Labour activist —and more."

Slogan

The slogan might appeal to many of the constituency parties and some of the unions which control the block votes at the party conference, but it would strike a chill into the hearts of Mr. Callaghan and his supporters.

For included in the document, which Mr. Anthony Wedgwood Benn would like to see as a proper "draft manifesto," are some of the items which Mr. Callaghan fought hardest to keep out of the last election manifesto.

In it, for example, is the much disputed commitment to abolishing the House of Lords together with specific references to extending public ownership in various areas —like banking, insurance and micro electronics — which would be far more difficult for a Labour Government to ignore than the vague talk about the need to increase public ownership which appeared in the last manifesto.

Equally, there are specific references to how this would be done: The document states firmly that: "We shall give a Labour Government the power to take individual companies into public ownership by statutory instrument." This is just one of a number of ways proposed for rolling back the frontiers of capitalism.

The great majority of the proposals have, at some stage or other, been passed by conference as individual resolutions. Those that have been approved by the necessary two thirds majority have then gone into the party programme from which—under the existing rules for drafting the manifesto—they were selectively drawn for inclusion.

Many of the proposals are familiar goals of the Left. On the economy, for example, the aim is full employment—with a promise that within the lifetime of the Parliament a scheme would be introduced to stop anyone being unemployed for *more than* 12 months without receiving either an offer of a job or retraining.

Labour's first step, it says, will be to reflate the economy. This strategy of expansion, it claims will help attack inflation.

The *draft* manifesto also revives the idea of price controls together with the equally familiar concept of planning agreements—this time legally backed. It also insists that assets sold off by the Conservative Government would be re-nationalised without compensation.

Wealth tax

Included in the 39 page document are other ideas, equally popular with Labour activists, like the abolition of public schools, abortion by demand, the introduction of a wealth tax, banning fox hunting and opposing the production of a new generation of nuclear weapons.

On the Common Market, it nudges the party a little further along the road to withdrawal.

In many instances, the commitments are—in the language of manifestos—hedged about with words like "progressive" and "work towards." But even so, as it stands at the moment, the document would be anathema to many moderates in the Labour party.

The moderates have had to live with conference resolutions like this for years. But they have done so in the fairly certain knowledge that when it came to the crunch there was little chance of them going wholesale into the manifesto.

Now, they are not so certain, and it is this uncertainty which explains the row about whether the document should be launched with an official blowing of party trumpets at a full scale press conference yesterday, or whether it should be merely published and left to find its own level. (In the event, the latter course was chosen).

Last year's party conference voted in favour of the idea of changing the rules for drawing up the manifesto. They narrowly approved a resolution which would give the national executive the final say in drawing it up and mean that the document no longer had to be agreed at the last moment by a joint "clause V" meeting of the executive and parliamentary leadership.

If such a system was adopted, it would strip the Shadow Cabinet of its effective right of veto on the manifesto's contents and greatly increase the influence of the party conference on the contents.

The idea, promulgated with such enthusiasm by Mr. Anthony Wedgwood Benn and Mr. Eric Heffer, is that a document, very similar to the one produced yesterday, would be published each year. It would then be discussed at regional Labour party and union conferences.

The Parliamentary Labour Party would also be able to discuss it—which Mr. Benn claims would be giving Labour MPs an opportunity to influence its contents which they singularly lack at the moment.

Influence

The process of consultation would reach a climax each year at the annual party conference when delegates would be able to amend its line, thus, in Mr. Benn's view, turning conference into a "semi-legislative" body. The final result would be a "rolling draft manifesto," which could be taken off the shelf—and probably only slightly amended—before an election.

All this at the moment, though, is only a proposal. For though last year's conference voted in favour of the principal of changing the rules, this cannot come into effect until this year's conference has approved the necessary constitutional amendment.

Mr. Callaghan and his supporters claim to be confident that they will be able to defeat the constitutional amendment together with the other two issues being pushed by the Left at this year's conference.

What they certainly do not want to happen is that the document published yesterday should be elevated to the status of a fully-fledged draft manifesto before the rules have been changed.

In fact, the document had the word "draft" printed across it in large letters. But underneath was a carefully phrased escape clause — agreed after protests from the Shadow Cabinet—which made it clear that it was only the NEC's draft, and that it would not have any status if the rules stayed the same.

In the same way, Mr. Callaghan's supporters will certainly block any move by the executive to try to put the document to conference, as that again would give it a status they would hate it to have.

Yesterday, the moderates were trying to downgrade the whole exercise and were treating the whole episode with cultivated disdain.

Their aim as not to do anything which might elevate it to the realms of a serious draft manifesto. Dr. David Owen, for example, said on the radio he was treating it with a "certain degree of amusement."

His amusement, however, had a somewhat hollow ring about it, for the issue of who controls the manifesto is central to the battle in the Labour Party between the Left and Right. There are those in the moderate camp who believe that it is even more important than the argument about who elects the leader.

For hehind all the personality disagreements in the party are much more profound disagreements about policy. And policy is what the manifesto is all about.

Parliament next week

COMMONS

Monday: Debate on the persistent rise in unemployment.

Tuesday: Local Government, Planning and Land Bill, remaining stages.

Wednesday: Finance Bill, report and third reading. Summer Time Order.

Thursday: Finance Bill, report and third reading.

Friday: Appropriation (Northern Ireland) Order.

LORDS

Monday: Films Bill third reading. Employment Bill third reading.

Tuesday: Pier and Harbour Order (Brighton West Pier) Confirmation Bill committee. Tenants Rights (Scotland) Bill committee.

Wednesday: Social Security Bill, third reading Tenants Rights (Scotland) Bill Committee. Summer Time order.

Thursday: Health Services Bill committee. Deer Bill second reading.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPONENTS

UK liquid crystal venture

AN all-British manufacturing venture for the production of liquid crystal displays of about ½-inch character height and above has been started by Saunders-Roe Developments of Hayes, Middlesex, part of the Westland Aircraft Company.

An investment of £0.5m has been made in new plant at Hayes and the company will be aiming its products, expected to sell in the £3 to £5 region in bulk, at the instrumentation and data equipment industries, for portable equipment in particular. There is no intention at the moment to tackle either the wrist watch or the motor car markets.

Apart from employing the best available techniques and equipment, the company has perfected methods for photo-masking a dozen or so components on one sheet of glass which is cut into strips of four units after all the photo-chemistry has taken place. Sealing and liquid crystal filling follows and only near the end of the process are the strips cut into individual components.

This batching technique, a considerable technical achievement about which the company is revealing little detail, is expected to provide a useful cost advantage. Other manufacturers in this size region cut the glass early on and deal with individual components during manufacture. The company expects runs in the 1000 to 2000 region to be very cost effective.

A further notable UK achievement has been in the development of a cyano-biphenyl liquid crystal material that is not degraded by the diffusion of atmosphere, albeit in minute quantities, through the device seals. This has been a recurring problem in the past and the new material allows the seals to be made from plastics, a more satisfactory manufacturing proposition than glass frit.

This development, made jointly by the Royal Signals and Radar Establishment, Hull University and BDH Chemicals (the latter company is the manufacturer), is one of the factors that enables Saunders-Roe Developments to speak confidently of a lifetime of over 50,000 hours.

Although the company has no firm customers yet, many OEM assessments are in progress and it is believed that the LCD will become the dominant display device within two or three years. Instrumentation may be only the tip of the iceberg claims director D. G. Guthrie, who believes that a much larger market will arise in future domestic telecommunications terminals, portable data processors, gas meters and petrol pumps.

In any event, the company, which has named the new LCD division Lucid Displays, is in a position to turn out up to 0.5m devices a year. At the moment, its only competitor in the UK is the ITT plant at Leeds.

GEOFFREY CHARLISH

● SALES AIDS

Mirrors the messages

MIRRORS have long been used to carry permanent advertising messages. Now there are mirrors on which the message can be changed at will in a few seconds.

Mirrad Marketing is offering these mirrors as money savers because, it claims, they cut the costs associated with conventional display materials such as showcards.

Messages printed on transparent acetate sheets are placed between the glass front of the mirror and the reflector to produce an eye-catching display. It would appear to be a very useful medium for showing changes of prices, rates of interest and so on, especially if those changes were frequent. The company says fine-definition litho half-tone illustrations can be used which would be very useful for advertising certain types of product.

Mirrad Marketing is at 123 Gloucester Place, London W1H 3PJ. 01-935 0972.

● BOATS

Craft from the U.S.

THE United Kingdom franchise for the Baretta range of GRP (glass-fibre reinforced plastics) power boats and ski boats has been acquired by the Tydactol Group, 2 Fitzroy Close, Highgate, London N6 6JT (01-348 4257).

The boats are made by Melhart Products, of Conway, Arkansas, and the first type to be available in Britain will be the 18 ft MH183, supplied with a Mercury inboard outdrive engine and a two-axle trailer.

Runs the bearings faster

BEARING LIFE in applications combining high speed and load conditions can be extended considerably, SKF says, with a new design of plummer block.

Designated SOFN it was designed by SKF for use with spherical roller bearings in applications such as mine ventilators, exhaust and fresh air fans, power supply generator flywheels, and similar heavy duty equipment.

To cope with high operating speeds and temperatures these applications require oil lubrication, together with top reliability even when maintenance is infrequent.

The SOFN block has a pick-up ring to facilitate oil circulation. The ring hangs loosely on a sleeve on the shaft at one side of the bearing and dips into the oil in the lower half of the housing. As the shaft turns, oil is transported through the bearing and back to the reservoir. Oil in the reservoir is cooled, depending on the ambient temperature, before recirculation.

An oil level indicator is supplied and the level of oil in the trough guarantees an optimum supply to the bearing.

The efficiency of this form of lubrication enables spherical roller bearings with a cylindrical bore to operate at speeds higher than normally recommended by SKF.

More from Sundon Park Road, Luton, Beds., LU3 3BL. 0582 55977.

● MATERIALS

Small parts coated efficiently

UNIFORM FILM thicknesses, the capability of withstanding operating conditions up to 600 degrees C, and the capacity to coat small but critical areas in aero, industrial and marine engines, are just some of the advantages offered with the use of an electropaint jointly developed by International Paint and Rolls-Royce.

Other electropaints are limited to about 200 degrees C, say the companies, and this previous temperature restriction combined with the fact that other application methods were unable to produce uniformity of film depth, meant that certain surfaces of a machine were unable to be properly coated.

These surfaces can now receive protection from corrosion and, although less than a pint of this special electropaint—worth about £7—goes into a seven-tonne RB 211, significant savings have been achieved in maintenance costs.

Areas mainly covered by the electropaint (and previously uncoated) are the serrated "fir-tree" teeth on the rims of hot-end turbine discs which must take a centrifugal load created by the turbine blades equivalent to the weight of three double-decker buses.

It is virtually impossible with conventional paint systems to maintain a maximum uniform film thickness on the teeth of half a thousandth of an inch because of the latter's awkward shape. Should two teeth have coatings which are fractionally thicker than coatings on the others, they might have to take the full triple double-decker load by themselves which could lead to premature failure.

Electropaint automatically gives a perfectly controlled thickness, say the companies, but could not be applied in the past because the organic material would burn away at these high temperatures—a problem facing other makers of engines.

It took the combined efforts of both companies five years to develop this high-temperature, aluminium-rich electropaint, called PL199 or Intermet 75, says International Paint, Henrietta House, 9 Henrietta Place, London W1 (01-580 6677).

Some airlines and industrial companies which have their own facilities for overhauling engines are being assisted by Rolls-Royce with installation of this new process and they will be able to paint uncoated areas themselves during maintenance, if necessary, says International Paint.

Both companies have also received a joint patent for another high temperature system (a spray-on material) for tackling corrosion problems and a further joint development is a blade coating with much improved erosion resistance which, it is promised, should prolong the life of compressor blades by up to 700 per cent.

Plastics material holds promise

ICI FIBRES Division is pressing ahead energetically with the development of polyethylene terephthalate, known as PET, at its new laboratory near Harrogate.

The laboratory is part of ICI's continuing investment in PET and will enable the company to exploit the full potential of the material in a wide range of packaging applications. The new ICI version of the material, Melinar, is now in full production, backed by ICI Fibres' marketing, technical service and development resources.

PET is a thermoplastic polymer with a specific gravity of 1.4. It can be extruded to form fibres and films which by uniaxial or biaxial stretching can be made into structures that are highly oriented and therefore strong.

Its suitability for use in large carbonated drinks bottles has led to an unprecedented growth in the use of such bottles in the United States. A similar trend, though on a smaller scale, is now being experienced in Britain and is expected in Continental Europe.

Compared with polyvinyl chloride, PET has a high degree of optical clarity. Indeed, it is comparable with glass when used for bottles of all kinds. It is shatter-proof and can be hot-filled at temperatures up to 70 degrees C.

An important advantage claimed for PET is its suitability for recovery and recycling. According to Mr. David Thackwray, PET sales manager at ICI: "It could be the first plastics material that pays for its own recovery."

Tapes solve problems

AIDS TO productivity in the valve engineering industry and in printing have been announced by 3M.

The company's Converted Products Group reports that it can tailor self-adhesive Scotch tape discs to fit any valve port diameter to provide a simple means of masking off the port during spraying and preventing dirt and dust ingress during transportation.

A laminated construction of greater strength can be provided for use on large diameter units. There are many other applications of this kind and the company will supply pre-cut shapes on a quick-release liner for quick, simple application.

Also available, from Industrial Specialities, are 10 double-sided platemounting tapes with thicknesses from 0.004 to 0.023 inch one of which, called Cushionmount, will compress by about 13 per cent to compensate for irregularities in the roller. Firm or soft cured natural rubber adhesives are used to give good ageing properties, consistent high shear performance and durable holding power. The tapes will withstand constant temperatures of 65deg.C, with intermittent excursions greater than this. Resistance to printing solvents is good.

More from 3M United Kingdom, PO Box 1, Bracknell, Berks (0344 26726).

● PROCESSING

Bubbles to cost less

IMPROVED carbonation technology by Tolltreck, the Droitwich process engineers is claimed following a two-year programme of system design studies and prototype trials at Schweppes. The production carbonator now installed has potential savings of £100,000 per annum.

The prototype "Kontax" unit at Schweppes demonstrated carbonation efficiencies in the range 93-99 per cent on a variety of beverages with a throughput up to 11,000 litres/hour (2,500 gph). This compares with the 60-70 per cent efficiencies of conventional carbonation equipment.

tract last January to Tolltreck for the design and supply of a carbonator optimised to the specific requirements of one production line at the Erdington, Birmingham, factory. This unit, currently being commissioned, will operate at the same temperature (2-5 degrees C) but at a one bar (15 psi) lower pressure than conventional plant. Alternatively the plant could operate at conventional pressures with temperatures up to 15 degrees C.

Kontax carbonators, available with automatic gas/liquid ratio control, can be supplied for flows in the range of 5,000 to 30,000 litres per hour with a potential payback period of less than one year.

Tolltreck Linkrost, Priory House, Friar Street, Droitwich, Worcs. 09057 5661.

● MACHINE TOOLS

A lathe for learners

THE BENEFITS of computerised numerically controlled (CNC) machine tools are becoming increasingly recognised by engineering companies of all sizes as an aid to higher productivity at lower unit costs.

This is illustrated by the emphasis now being put on the use of CNC systems in technical training schools. But CNC training can be both expensive and time-consuming, and to solve this problem a CNC training lathe, the Micromaster, has been developed by Denford Machine Tools.

At a price of well under £20,000, the Micromaster enables a technical school to install a training programme with a simple learn-as-you-go control facility. With the Motorola microchip computer disengaged the machine can be run as a conventional centre lathe and used for comparing manual with CNC control performances.

When the computer is engaged, a visual display unit shows in sequence requests for information to operate the lathe movements correctly. As each piece of control information is entered on the panel by the trainee, the correct machining cycle is built up progressively.

But to obviate mistakes the Micromaster will not allow the operator to proceed unless the information is entered in correct sequence. The VDU also makes periodic checks of good practice and safety.

A machining programme, when stored in the Micromaster's memory, can be recorded in a magnetic tape cassette for future use. An "edit" facility allows any piece of information anywhere on a programme to be overridden temporarily and replaced with alternative data.

Details from Denford Machine Tools, Birds Royd, Brighouse, West Yorkshire (0484 712264).

● DATA PROCESSING

Talks to far-away users

LICENSED software to enable users to interface with the British Post Office's Packet Switching System (PSS) and other networks operating to X25 standards, is being offered by ITT Business Systems. The software package connects local networks through the ITT 3800 series of programmable communications controllers (PCGs).

PSS, shortly to be introduced in the UK by the British Post Office, can be accessed by users to connect their computer systems and terminals—initially asynchronous only to terminals accessing PSS will communicate to different computer systems throughout the world.

Phase One of the new software will be available for distribution in the first quarter of 1981. User benefits will include ability for asynchronous terminals to access, via a public data network, and an ITT 3800 communications controller, application programs running under teleprocessing access methods in a host processor. Phase One software has already undergone successful production tests in France, using Transpac, the French Post Office's PSS network.

Flexibility offered by the new software, which operates with ITT emulation processing (EP), allows it to "co-reside" with the advanced control function/network control program communications networking system, 3270 multiple access facility (MAF) and the data switching system (DSS) software packages.

Launch of this software product is intended to reinforce ITT's position as a major IBM-compatible data systems supplier.

Further from ITT at Lion Buildings, Crowhurst Road, Hollingbury, Brighton, BN1 8AN. 0273 507111.

● INSTRUMENTS

Makes maps or graphics

SUITABLE FOR applications ranging from map making to computer graphics are a pair of Houston Instruments incremental drum plotters now available in the UK from Sintrom Electronics, Arkwright Road, Reading, Berks RG2 0LS (0734 85464).

The machines are identical apart from their plotting widths—22 inches for the DP-14 and 34 inches for the DP-15. In each case the maximum plotting length is 150 feet.

Connection to the host computer is via a standard RS232C port and the microprocessor-based interface substantially reduces the software burden on the mainframe by providing both character and vector generation. Four liquid ink pens are active over the whole plotting width, under program control.

Inch or metric step sizes are offered (0.002 inches or 0.005 mm), to be specified at the time of ordering.

● BROADCASTING

Viewdata in the home

BRITISH made adaptors to convert ordinary domestic TV sets into receiver units for the Post Office Prestel viewdata service are to be offered to the retail/rental trade in the autumn, by Ayre Viewdata, 77a Victoria Road, Surbiton, Surrey, KT6 4NA (01-399 6521). They will sell to the trade at about £100, and the company reckons that retailers and rental firms will hire them out to the public for as little as £1 a week.

The adaptors each measure 12 x 7 x 3½ inches and can be placed on top of a TV set or wall-mounted to connect it to the P.O. telephone line for call-up and reception of the Prestel information.

The unit will be supplied with a hand-held keypad for remote control operation.

● SECURITY

Impossible to tamper with it

IDENTITY card reading access control unit entitled TLS (Top Level Security) uses the Weigand effect, the pulse-generating property which can be imparted to ferro-magnetic wires.

Identity cards used with the unit contain ferro-magnetic alloy wire 0.25 millimetres in diameter which has been twisted, stretched and thermally tempered to destabilise its magnetic properties. The wire, arranged in pre-determined patterns for coding, is sandwiched between the plastic layers of the laminated card.

It is this wire which, when the card is passed through a magnetic field reader unit determines the switching of magnetic states, interpreted by a coil in the reader as pulsed signals.

The speed at which the card is passed through the reader is unimportant—so no queues should develop—and no actual contact with either of the reader's surfaces need be made.

Cards cannot be altered or erased without destroying them in the process since tampering with the wire obviously entails dismantling the plastic. This gives the system an advantage over magnetic strip methods.

The tiny diameter of the wire and the intricacy of the patterns also make cards virtually impossible to counterfeit. Magnetic cards can be duplicated quite easily by an electronics engineer.

Plantime, Shakespeare Industrial Estate, Watford WD2 5HD.

Japanese reliability. European flair. That's Honda.

Reliable. But bland. That's the kind of comment one usually hears about Japanese cars.

European cars on the other hand are considered to have style, road handling and performance – but they rarely figure high in the 'reliability' tables.

So cars that provide the best of both worlds have to be good news, right?

As this is an advertisement for Honda, there are no prizes for guessing which cars we're talking about.

But don't take our word for it – just read what the motoring correspondents have long been saying.

For example, in April '78, Motor said about our Civic "...it is well and thoughtfully fitted out and, from our experience with a long term test car, reliable. The success of the Civic owes much to the fact that it is the most 'European' of Japanese cars..."

In April '79, Drive commented on our Accord "...most (Japanese cars) have been a bit boring – unadventurous and outdated mechanically, with indifferent accommodation and little driver appeal. Then came the Accord...with a specification as up-to-date as (European cars)..."

And in February of this year, Motor said that our Prelude "...has established conclusively that Japanese manufacturers can now compete with the Europeans on equal terms... Which is a lot more than can be said for the latest incarnation of (another Japanese car)."

These are just three of the many, many reviews in a similar vein.

It's worth thinking about next time you put your own money into a car.

If you want both reliability and flair, make it Honda.

HONDA
The best of both worlds.

FOR THE NAME AND ADDRESS OF YOUR NEAREST HONDA DEALER AND A FREE BROCHURE, PLEASE RING TELEDATA ON 01-200 0200.

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC is ready for U.S. growth

THE DECISION by MEPC to raise $30m via a convertible eurobond represents another important milestone in the company's U.S. expansion programme and is likely to be quickly followed by some fresh investment activity.

Proceeds from the issue—the first of its type for a British company since the ending of exchange controls—will be primarily for expansion rather than for repayment of dollar debts and Paul Speicher, MEPC's new American president, is now searching for attractive deals.

MEPC intends to grow in the U.S. in much the same way as it has done since it first dipped its toe in the U.S. market in 1974, by acquisition of income producing investments. At the same time, however, it will be looking for propositions which offer the chance of new development in close proximity.

Christopher Benson, MEPC's managing director, says that the company intends to take advantage of current "nervousness" in the U.S. real estate market. "We are not expecting any bargains but we feel the time is right to pick up some good quality properties on attractive terms."

MEPC has to date put about $30m of its own funds into the U.S. and its American property assets, now standing at around $100m, have made an important contribution to the group's overall asset growth. The company owns all the equity in its U.S. operations.

MEPC's first move into the U.S. entailed the purchase of two warehouses in Chicago and in 1975 it followed up the deal with the purchase of an office park in Minneapolis. The company has subsequently developed vacant land on the so-called Parkdale complex and one month ago completed the entire scheme with the opening of its 200,000 sq ft Plaza centre.

Among its U.S. portfolio is the Foshay Tower in Minneapolis, now being refurbished, a shopping mall in Rochester, Minnesota and a half-share in another shopping complex in Las Vegas with partners North American Property Unit Trust.

In 1979, MEPC bought a fully let, 220,000 sq ft office block in Houston, its first move into the "Sun Belt," bringing its total U.S. office space close to 1m sq ft.

The southern states are likely to be fairly high on Mr. Speicher's shopping list now that the company has a fairly firm base in the mid-west and it looks as though MEPC will, having found its feet, square its wish to acquire an income-stream with a more confident approach to new development schemes.

Critics are 'ignorant'—Mobbs

MISUNDERSTOOD, much-maligned and shrouded in myths—that is the unhappy lot of the property developer and his industry, according to Mr. Nigel Mobbs, chairman of Slough Estates and president of the British Property Federation.

With the property world smarting just a little over growing (but, by previous standards, minimal) criticism of its activities, Mr. Mobbs has this week chosen—perhaps in an atempt to stifle many of those old myths before they take on added credence—to state his case for the defence.

Mr. Mobbs says that property development and investment is frequently the target of ill-informed comment and criticism which is often politically motivated. The business is, largely as a result of ignorance and emotion, misunderstood and invariably regarded by the public as being anti-social.

According to Mr. Mobbs: "The notion that an investment return has to be made from the use, development and improvement of resources is confused with the spectre of speculation. Consequently, investors and developers must show the real contribution they are making to national economic and local community prosperity."

The BPF president goes on to say that the image of the property developer as a wealthy tycoon, solely concerned with maximising short-term profits is one of the leading misconceptions. Property development and investment, he stresses, is an economic activity that improves national resources.

Mr. Mobbs says it is about time that the developer, as a supplier of industrial, commercial and residential accommodation, should be seen as someone using his expertise and experience to create productive assets. Both the investor in income-producing property and the developer have a common interest in maintaining the underlying value of property.

He points out in Slough Estates News that the range of personalities and corporations involved in property development is wide and their role is changing. Given the growing role of institutions and the presence of developers and other property-owning business, the financial interests of millions of investors are involved. "An attack upon property interests will, therefore, affect the financial security of a very large proportion of the country," he adds.

But Mr. Mobbs does emphasise that in the coming decade the industry is better placed to project the sector with authority than in the past decade when property investment was attacked and not competent to defend itself.

If events in the next year or tow remain as stable as most of the industry is predicting, however, there should be little need for any defensive tactics and Mr. Mobbs will be able to keep most of his powder dry.

IN BRIEF

BERNARD SUNLEY, in conjunction with Domford, has started a new 90,000 sq ft office scheme on the south bank of the Thames, next door to the Vauxhall Cross site where European Ferries has proposed its controversial 300,000 sq ft "Green Giant" office development. The cost of the Bernard Sunley scheme—to be project-managed by Land Use Investments and Eagle Star Properties—is expected to be around £10m. Letting agents are Pepper Angliss and Yarwood

● **Commercial Union Properties' 52,000 sq ft office scheme at Station Road, Swindon has been let to National Employers Mutual General Association at a rent of over £6 a sq ft. The complex adjoins the new Hambro Life centre and is due for completion in the autumn. CU Properties are developing a further 50,000 sq ft of office space in nearby Milford Street. Hampton and Sons acted for National Employers.**

● **Leconfield House, the Machurst-UK Provident office building in Curzon Street W1 has now been fully let and is producing a total rent roll of £1.21m a year. The building has 67,500 sq ft of space and has been let to Cadbury Schweppes, Tenneco and Distillers. Edward Erdman and Jones Lang Wootton were agents.**

Kings Road site goes

A TENANT has finally been found for one of the oldest blackspots in Chelsea's King's Road, the mecca of the "swinging 1960s" where retailers are now launching a campaign to revive a somewhat dented image.

A 17,000 sq ft unit on the corner of Sydney Street and Kings Road has, after being boarded up for four years, been let to The Reject Shop on terms close to the asking rent of £115,000 a year. The store should be open in September when a refitting programme is completed.

The so-called "Gallery" development was originally occupied by small market-style traders but they were forced to leave when the proprietor company failed. The unnamed institutional clients of Healey and Baker and Jones Lang Wootton wanted one tenant only for the space and it has taken this long to find one.

On two previous occasions, the corner site—close to Habitat and across the road from the Antiquarius antique market—has been under offer.

Further along the Kings Road towards Sloane Square another hole is currently being filled by the Pheasantry office-retail scheme, due for completion next Spring. There will be a restaurant, 22,500 sq ft of office space and five shop units. Agents Healey and Baker say the scheme is attracting a lot of interest, despite the bleak outlook facing the retail trade.

Tax allowance plan proves popular

A SMALL but growing number of professional individuals are showing increasing interest in purchasing small factory nursery units to take advantage of the tax shelter these premises will provide following the March budget. Sums involved could run into millions of pounds.

Tony Grant, consultant partner with agents Grant and Partners says that since the Budget there has been a marked increase in the number of enquiries from both private individuals and companies seeking to take advantage of the new tax relief rules.

Under clause 69 of the Finance Bill, now at committee stage, owners of small industrial units—with a working space of no more than 2,500 sq ft—will qualify for 100 per cent capital tax allowance against construction costs.

The implication of the new move—designed to encourage building of industrial units for small businesses—has not been lost on top-rate private taxpayers who, as a result of another Budget measure, will no longer be eligible for 100 per cent capital allowances on leasing operations.

Mr. Grant says: "We have had around 40 to 50 enquiries, mostly from private individuals but also from banks, insurance companies, finance houses and some companies. Sums involved range from £50,000 up to several million pounds."

A similar picture has emerged at King and Co., where the agents say they have received more than twice as many enquiries as they would normally expect from private individuals such as stockbrokers, solicitors and accountants. "A total of around £10m could be involved if all these enquiries come through to fruition," said a spokesman.

According to Tony Grant, several deals are in the pipeline pending clarification of "anomalies" in the legislation, as it is presently worded. The agents have written to Mr. Tom King, local government minister, in a bid to clear up these points.

One issue raised by the agents—the question of whether small units making up part of a larger building would be eligible for 100 per cent capital allowances—has already been resolved. An amendment to the Finance Bill, included at the committee stage, allows full relief for these units, provided they are "permanently separated from the remainder of the building" and are "intended for occupation separately."

Grant and Partners is also concerned that capital allowance should be made on the full cost of development including the purchase price of land. Presently the inland revenue is ruling that allowance should be made only on the construction costs.

Andrew Taylor

Ellis lets 200,000 Square Feet in Central London

RICHARD Ellis are rapidly ...

ELLIS SNAPS UP PRESTIGE WEST END PREMISES

WITH PRIME SPACE at such a high premium, it's essential to ... today's ... Richard Ellis are well known for their ...

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RICHARD ELLIS FIND 40,000 SQ. FT. PRIME CITY SPACE FOR CLIENT

by our London Correspondent

Yet another success story for Richard Ellis. Considering the current shortage ... Richard Ellis's performance ... 12 months has been extraordi...

Richard Ellis called in on premier Midlands site

RICHARD ELLIS IS no stranger to the local ... development in the Mid- ...

Another scoop for Ellis

By our Property Editor

To Richard Ellis success seems to come quite naturally. But you don't achieve results like their's without a great deal of skill and experience.

Richard Ellis to handle sale of motorway service stations

By our Business Editor

The complex task of selling off Britain's motorway service stations has fallen to Richard Ellis. Does this mean ... be able to get a decent cup ... motorway ...

Property

Major car manufacturer approaches Richard Ellis for re-location advice

The complete re-location of a major car company is not the easiest of tasks. Last week how- ever, Richard Ellis were instructed to do just that.

Richard Ellis appointed sole letting agents on 112,000 square foot office development for Waterloo

Announcing details at the site near Waterloo, Richard Ellis ...

25 ACRES ACQUIRED FOR CHEMICALS CLIENT BY RICHARD ELLIS

BY OUR SPECIAL CORRESPONDENT

Acting for one of Europe's leading Chemicals companies, Richard Ellis have acquired a prime 25 acre site ...

Should Richard Ellis be reported to the Monopolies Commission?

When you consider the current shortage of prime commercial space in the UK, any chartered surveyor who handles 5 million square feet in one year, either has to have a monopoly on the market or a phenomenal amount of skill and expertise.

If the Monopolies Commission ever show any interest in us, it'll be because they need new offices.

Richard Ellis
Chartered Surveyors

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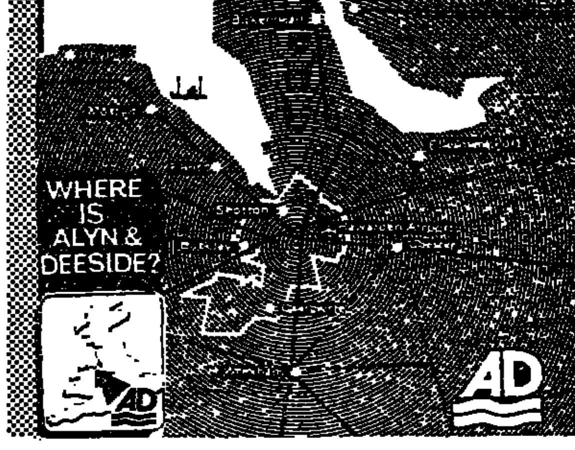
Chief Executive,
Alyn and Deeside District Council,
Council Offices, Hawarden,
Deeside, Clwyd.
Tel: Hawarden (STD 0244) 531212 Ext. 288



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Character Lodge Cottage.
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OFFICE HEADQUARTERS
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- Concrete floors.
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31,700 sq. ft.
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Apply:
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To Let £1.75 per sq ft.
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INVESTMENTS

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MODERN FACTORY ESTATE for Sale including four acres of Undeveloped Land. Fully Let. Present rent roll £130,000 per annum. Principals only please, write Box T.5294, Financial Times, 10, Cannon Street, EC4P 4BY.

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In the Queensgate/Gloucester Road area of South Kensington. Two terraced houses at present converted to a high standard for school use with gymnasium at rear. Approximate frontage of 50 feet and a depth of 85 feet. Net usable floor area 8027 square feet. All services including gas central heating. Offers in excess of £600,000.
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EXCELLENT INVESTMENT POTENTIAL
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FINANCIAL TIMES PROPERTY SURVEY
will be published on Tuesday 15th July 1980

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967
BHS (COIN-OP SERVICES LONDON) LIMITED
T/A CENTRAL PARTS SUPPLY (LONDON) & CO

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company *are required on or before* the 30th day of July 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to
MAURICE CHARLES WITHALL FCA
of Fairfax House,
Fulwood Place,
London WC1V 6DW,
the Liquidator of the said Company, and, if so required by notice in writing *from the said Liquidator, are by their* Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any *distribution made before such debts are* proved.
Dated this 30th day of June 1980
M. C. WITHALL, Liquidator.

IN THE MATTER OF
ANTHONY STEER ASSOCIATES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, *which is being voluntarily wound up,* are required, on or before the 15th day of August, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names *and addresses of their Solicitors* (if any), to the undersigned Patrick Granville White of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts *are proved*
Dated this 26th day of June, 1980.
PATRICK GRANVILLE WHITE, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
D.E.B.E. (CONTRACTORS) LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the office of Lawrence Woolfson and Co., Oxford House, 9-15 Oxford Street, London W1R 1RF, on Tuesday the 22nd day of July 1980 at 11.45 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 4th day of July 1980.
By Order of the Board.
BERNARD JOLLY, Director.

No. 001770 of 1980
In the HIGH COURT OF JUSTICE Chancery Division Group A. In the Matter of SUN VALLEY POULTRY LIMITED and in the Matter of The Companies Act 1948.
NOTICE IS HEREBY GIVEN that the ORDER of the High Court of Justice Chancery Division dated the 30th June 1980 CONFIRMING the REDUCTION of the CAPITAL of the above-named Company from £400,000 to £61,136 and the Minute approved by the Court showing with respect to the Capital of the Company as altered the several particulars required by the above statute were registered by the Registrar of Companies on the 4th day of July 1980.
Dated the 8th day of July 1980.
RYLAND MARTINEAU & CO.,
41, Church Street,
Birmingham B3 2DY.
Solicitors for the above-named Company.

MOTOR CARS

1980 ROLLS-ROYCE SILVER WRAITHE II
Without division. Pewter, green Everflex roof, green hide throughout including dashboard trim. Picnic tables. Nominal mileage
P. J. EVANS LTD.
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Tel.: 087/77.39 16 - Telex: ceran 49650

COMPANY NOTICES

BARCLAYS UNICORN GROUP LIMITED.
Announce that the meeting of Unit-holders in Barclays Unicorn General Trust on 10th July 1980 was adjourned as the quorum required by the Trust Deed was not present.
Notice of the time and place of the adjourned meeting will be posted to all unit-holders.
BARCLAYS UNICORN GROUP
[illegible]

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

The Tharsis Sulphur and Copper Company, Limited a company incorporated under the Companies Act 1862 and having its registered office at 136 West George Street, Glasgow has presented a petition to the Lords of Council and Session for sanction of a scheme of arrangement and confirmation of reduction of capital. The *Lords of Council and Session having considered* the petitioners' motion for advertisement of the dependence of the petition and for amendment of the petition to allow advertisement to be made in "The Scotsman" newspaper in place of the "Glasgow Herald" newspaper have pronounced an Interlocutor dated 8th July, 1980 *in the following terms:*

"Edinburgh, 8th July, 1980.

The Lords having heard Counsel for the petitioners allow the petition to be amended as proposed by the petitioners' motion dated 4th July, 1980 and appoint notice of the dependents of the petition to be made by advertisement once in the Edinburgh Gazette and once in each of "The Scotsman" "Financial Times" and "L'Agence Economique et Financiere" newspapers: Appoint all parties claiming an interest to lodge answers thereto if so advised within fourteen days after such advertisements."
WHEATLEY I.P.D.
Of all which intimation is hereby given.
McGRIGOR DONALD & CO.,
224 Ingram Street,
Glasgow G1 1JP
Solicitors to the Company.
Dated 8th July, 1980

TO THE SHAREHOLDERS OF GRANGES AKTIEBOLAG

An Extraordinary General Meeting of the shareholders of the Company will be held on the 21st July, 1980, at 4.00 p.m. at the Company's Head Office, *Birger Jarlsgatan 52, Stockholm, to propose an amendment of the Articles of* Association, paragraph 5, to enable AB Electrolux to acquire all the shares of Granges AB.

ATTENDANCE AT THE MEETING

In order to be present at the meeting a shareholder must inform the Company (either in writing or by telephone) of his intention to attend, not later than 4.00 p.m. on 16th July, 1980. Furthermore, a shareholder who wishes to vote at the meeting must be registered in the shareholders' register kept by the Securities Register Centre ("Vardepapperscentralen VPC AB") not later than 11th July, 1980.

A shareholder whose shares are registered in a nominee name, such as that of a bank trustee or securities department or a private stockbroker ("Forvaltarregistrerade"), must ensure that his own name is entered in the shareholders' register in order to be entitled to vote at the meeting.

Further information may be obtained from the Company's London Agent:
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.

The Board of Directors.

July 1980.

KINGDOM OF DENMARK
7½% 1972/1987 FF 100,000,000 BONDS
Notice is hereby given to Bondholders of the above Loan that the amount redeemable on September 1, 1980, i.e. FF 6,000,000, was bought in the market.
Amount outstanding: FF 70,000,000.
Luxembourg, July 11, 1980.
THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

NOTICE OF RATE OF INTEREST
BANQUE EXTERIEURE D'ALGERIE

US$55,000,000 FLOATING RATE SERIAL NOTES DUE 1989
In accordance with the provisions of the Reference Agency Agreement between *Banque Exterieure d'Algerie and Citibank,* N.A. dated as of 8th June, 1979 notice is hereby given that the Rate of Interest has been fixed at 10[illegible]% and that the Coupon Amount payable on January 11, 1981 against Coupon No. 3 will be US$523.89 and that such amount has been computed on the actual number of days elapsed (184) divided by 360.
By CITIBANK, N.A., London, Agent Bank.
July 11, 1980.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the 6% Preference Share TRANSFER BOOKS of *the Company will be closed from the 24th* to the 31st July, 1980, both dates inclusive.
By Order of the Board.
G. T. LOWNDES, Secretary.
71-78 Victoria Street,
Wolverhampton.

PORTUGUESE GOVERNMENT

3% EXTERNAL DEBT 1902
THIRD SERIES BONDS
In accordance with the Law of the 14th May 1902 and the Decree of the 9th August 1902 the Sinking Fund instalment *due 1st July 1980 has been met in full* by drawing in Lisbon by the Junta do Credito Publico.
A total of 2,965 interest bearing bonds of £19 13s.-d. each and 155 interest bearing bonds of £99.10s.-d. each having a total value of £74,227.-s.-d. (Decimal equivalent £74,227.00) have been drawn. An equal number of non-interest bearing bonds of £6.12s.9d. and £33.3.4d. respectively with identical definitive numbers having a total value of £27,742.6s.8d (Decimal equivalent £27,742.33) were also drawn.
The afore-mentioned drawn bonds are repayable at par from 1st July 1980 to 30th June 1985 and those stamped by *the Portuguese Financial Delegate for payment* in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO. Limited 88 Leadenhall Street, London EC3A 3DT, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

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BOND DRAWINGS

beogradska banka
Kuwaiti Dinars 5,000,000
9% Guaranteed Notes due 1981

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Kuwait (Fiscal Agent and Principal Paying Agent) announce that Notes for the principal amount of KD 1,250,000 have been drawn by lot in a manner deemed by Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) to be appropriate and fair for the redemption instalment due Friday, 15th August, 1980.

The numbers of the Notes so drawn are as follows:—

2	3	14	15	21	23	25	27	28	31
35	44	46	47	48	49	57	58	67	76
77	82	83	92	96	97	98	99	105	108
110	111	115	119	125	134	139	140	142	144
146	147	149	161	162	164	166	171	172	175
179	182	183	196	197	202	221	225	228	229
231	232	236	239	240	246	266	274	280	282
283	286	287	299	308	314	318	341	344	346
347	349	351	352	354	357	358	377	378	386
388	393	403	407	416	417	420	423	426	428
429	440	443	446	447	451	455	458	459	460
463	466	468	475	477	482	488	489	502	503
508	512	513	514	516	519	520	521	527	530
538	545	548	552	553	557	565	567	574	575
576	577	578	582	585	587	592	594	595	600
605	612	617	622	624	626	627	633	636	638
639	655	656	660	674	684	685	687	688	690
693	695	709	710	712	717	733	741	745	746
747	750	751	760	769	771	779	784	786	791
794	803	804	806	808	810	811	822	823	831
832	833	836	837	850	857	860	861	862	867
871	875	880	883	887	888	891	894	896	897
898	905	907	911	914	916	918	933	947	954
955	956	963	964	968	969	971	973	979	980
981	985	986	991	993	994	995	996	998	1000

On Monday, 18th August, 1980 there will become due and payable on each Note drawn for redemption, the principal amount thereof, together with accrued interest to 15th August, 1980 at the offices of:—

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Omer Bin Al-Khattab Street, P.O. Box 5665—Safat, KUWAIT CITY, Kuwait.

Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, LUXEMBOURG.

Manufacturers Hanover Limited, 8 Princes Street, LONDON EC2P 2EN.

Interest will cease to accrue on the Notes called for redemption on or after 15th August, 1980 and Notes so presented for payment must have attached all coupons maturing after that date.

KD 1,250,000 principal amount of Notes remain outstanding after 15th August, 1980.

Omer Bin Al-Khattab Street,
P.O. Box 5665—Safat, Kuwait City, Kuwait.

11th July, 1980

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CITY OF CLEVELAND
£23,000,000 Bills issued 9.7.80 at a rate of 14.727% p.a. to mature 8.10.80. Total applications were £161,000,000, there are 23,000,000 Bills outstanding.

DONCASTER METROPOLITAN BOROUGH COUNCIL
£5,000,000 Bills at 14 45/64% and £1,000,000 Bills at 14 47/64% issued 10th July, 1980, maturing 9th October, 1980. Applications totalled £52,000,000. These are the only Bills outstanding.

DUDLEY METROPOLITAN BOROUGH
£4,300,000 issued 10.7.80 at a rate of 14 ²³⁄₃₂% p.a. to mature 9.10.80. Total applications were £43,000,300, there are £6,400,000 Bills outstanding.

GLOUCESTER CITY COUNCIL
£2,500,000 Bills issued 9.7.80 at a rate of 14 47/64% p.a. to mature 8.10.80. Total applications were £17,500,000, there are 11,500,000 Bills outstanding.

HAMPSHIRE CORPORATION BILLS
£26,000,000 Bills issued 11th July 1980 at 14 37/64% to mature 8th August 1980. Applications £140,000,000. Outstanding £52,000,000.

METROPOLITAN BOROUGH KNOWSLEY
£1,000,000 Bills issued 9.7.80 at a rate of 14 47/64% p.a. to mature 8.10.80. Total applications were £9,000,000, there are 2,000,000 Bills outstanding.

METROPOLITAN BOROUGH STOCKPORT
£4,500,000 Bills issued 9.7.80 at a rate of 14 ²³⁄₃₂% p.a. to mature 8.10.80. Total applications were £41,000,000, there are 5,500,000 Bills outstanding.

MIDDLESBROUGH BOROUGH COUNCIL
£900,000 Bills issued on 9.7.80 at a rate of 14 ²³⁄₃₂% p.a. to mature 8.10.80. Total applications were 4,500,000 and these are the only Bills outstanding.

SOUTHEND ON SEA BOROUGH COUNCIL
£950,000 Bills issued 9.7.80 at a rate of 14 47/64% p.a. to mature 8.10.80. Total applications were £950,000, there are 950,000 Bills outstanding.

SUFFOLK COUNTY COUNCIL
£5,000,000 Bills issued 8.7.80 at a rate of 14 47/64% p.a. to mature 7.10.80. Total applications were £44,000,000, there are 15,000,000 Bills outstanding.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Service contracts: the state of play

THE PLETHORA of recent employment legislation has complicated the legal relationship between employers and employees. So one could be forgiven for assuming that service contracts, particularly for senior staff, would have undergone a metamorphosis in the past couple of years.

Not so, according to a British Institute of Management (BIM) survey* of 100 organisations. "In spite of legislation and the passage of time, it would appear that companies have made relatively few changes to senior executives' contracts in the past five years," says the BIM, which also analysed the format and content of 50 contracts to find out current practice in the field.

"Furthermore, nearly all participants stated that they had no plans for changes in the near future," it adds.

The survey reveals that 42 per cent of respondents stated that they had made no change to contract policy over this period. BIM notes that either these companies provide contracts which need no change to comply with legislation or they have simply been unable to keep pace with changing requirements.

Written contracts for some or all senior staff are provided by nearly all companies, says the BIM, with slightly more than three quarters of the sample including provisions in excess of statutory requirements.

Not surprisingly, the changes made were mainly influenced by the need to keep pace with changing legislation.

The survey finds that one of the main areas of change is the inclusion of conditions under which a contract may be terminated.

These are likely to be poor performance, incapacity to perform the employee's duties, misconduct, bankruptcy or compounding with creditors. Grounds for dismissal are included are now specified in a majority of contracts.

A third of the companies making changes have introduced a clause on medical benefits.

According to the survey, most companies use indefinite length contracts for some or all of its senior staff; the use of fixed-term contracts—usual length is three years—has become less popular.

Notice periods in indefinite length contracts have generally been extended. Many more companies now guarantee to give directors a year or more notice of termination.

BIM confirms that most claims for unfair dismissal are settled by agreement rather than through industrial tribunals or the courts.

The survey also reveals that:

- Company size is not a significant factor in the incidence of written contracts, but it does affect the range of provisions.
- Nearly a majority of companies includes job location or mobility clauses in contracts.
- The majority of companies includes contract provisions restricting other business activities.
- A "significant" number of contracts include clauses restricting activities after the contract has terminated.

* *Contracts of Service, available from BIM, Management House, Parker Street, London WC2B 5PT. Price £10 to members and £15 non-members.*

Arnold Kransdorff

BOOK REVIEW

Nuggets of advice

GOLD FEVER reached epidemic proportions during the past year. The price rose and collapsed in spectacular fashion, leaving a trail of fortunes and bankruptcies in its wake. The fever has temporarily cooled down, but it remains stubbornly in the body of the world's monetary system and threatens to break out again any time. All the medicines recommended by the world's economic doctors have failed to eliminate the basic desire for gold; indeed they have on many occasions stimulated it unintentionally.

Interest in gold is growing and widespread. It remains a much prized substitute for money, and the movement in the gold price provides an accurate daily indicator of the state of the world's political and economic health.

This intense interest is not always matched by expertise. Last year, for example, when the UK Government lifted the long-term ban on British citizens buying and selling gold as a commodity, there was considerable confusion. It was generally considered to be a "good thing" to remove any restriction, especially in the middle of a boom in the gold market. But few people knew what it actually meant. How could this new-found freedom to buy gold be used? Why was everyone getting so excited about the activities of Nelson Bunker Hunt, the Texas oil billionaire, in the gold and silver markets?

There is, therefore, an obvious need for a book to unravel the mysteries of the gold market.

The *purpose of* Trading in Gold is clear: to provide a simple guide for the layman. *It does not seek to pontificate* about the role of gold in the world's monetary system, or in the jewellery trade. The assumption is that the reader wants to make money by trading in gold and only needs to know background details so as to help achieve that objective.

Unfortunately, however, the simple guide becomes somewhat bogged down with far-from-simple techniques of trading that apply more in the U.S. than in Britain. All forms of investment in gold are mentioned and analysed. But the author comes down firmly, and repetitively, in favour of trading in gold futures—which occupies the bulk of the contents. Perhaps this is hardly surprising since Paul Sarnoff is research officer for a big U.S. commodities commission house, whose business is futures trading.

As a result, the nuggets of really useful information are somewhat hidden away in a plethora of details about the advantages of "cash-and-carry" transactions and "butterfly" spreads.

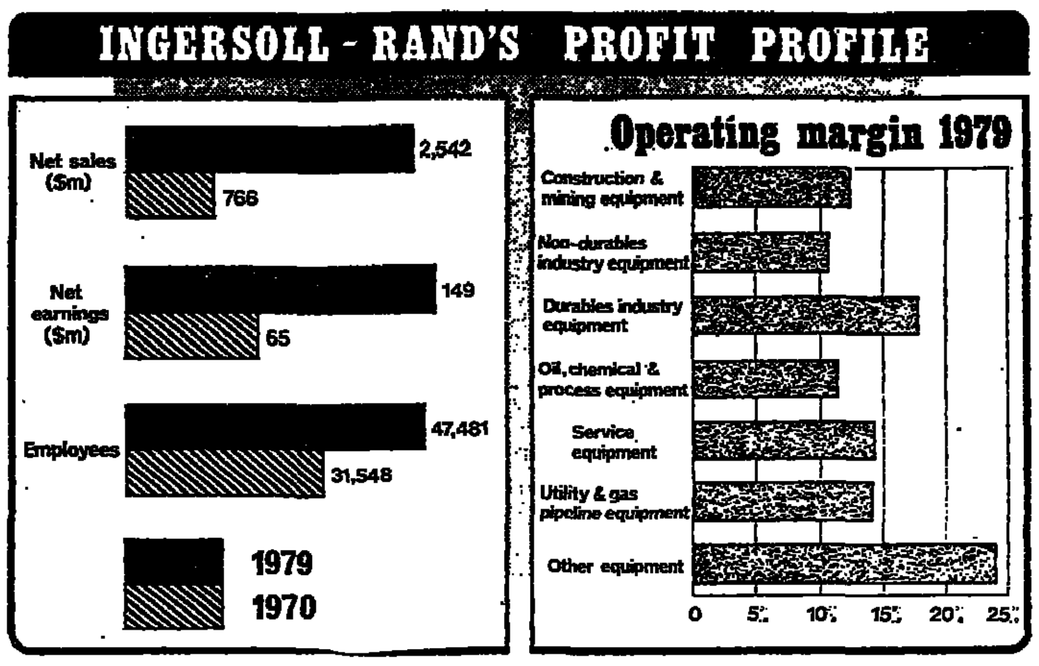
Nevertheless with the prospect of a gold futures market opening in London soon, this is a *timely guide, providing a good* insight into the new worshippers of the golden calf. The devotees of the futures market are a powerful new influence causing nearly as much concern to the keepers of the world's economic tablets as the idol worshippers did to Moses.

Trading in Gold, by Paul Sarnoff. Woodhead-Faulkner, £9.25.

John Edwards

Pumping fresh air into mature businesses

Ingersoll-Rand has proved itself to be a successful innovator. Geoffrey Owen examines its record and future strategy



ANYONE WHO thinks there is no growth in mechanical engineering should consider what is happening in a small factory in Mayfield, Kentucky. It was built in the late 1960s to make a new type of air compressor—the machine which supplies compressed air to manufacturing plants, chemical works, mines and a variety of other customers. Sales of the new compressor, known as Centac, *grew at over 20 per cent a year* during the 1970s and the same rate of growth looks like continuing for several years at least.

The Mayfield plant, which employs just over 400 people, will shortly be moving from two to three shifts. Centac is now being produced by the company in Canada, Italy and Brazil. Substantial investments are still being made in product and market development; cash flow is negative, as one would expect at this stage in the life of the machine, but profit margins are healthy. Return on assets employed is well over 20 per cent.

The company which developed Centac and built the Mayfield plant is Ingersoll-Rand, one of *the largest U.S. mechanical* engineering groups; it has 47,000 employees and annual sales of $2.5bn. The company is over 100 years old and the air compressor was one of its earliest products. What Centac shows is that even in a traditional and apparently sluggish industry like compressors there is scope for technical innovation which can provide outstanding growth in sales and profits.

Ingersoll-Rand is not ashamed to be committed to a number of other mature industries; pumps is an obvious example. While it is well aware of the impact of the micro-processor on mechanical engineering, it does not have to diversify into electronics to achieve high growth. The task is the familiar one of developing products which meet customers' needs *more economically than* anything else on the market. Product differentiation is the key, but the difference has to be based on real technical advantages.

In the early 1960s Ingersoll-Rand saw the need for a compressor which would supply large volumes of air at lower cost, with less noise and in a lighter and more compact *installation, than the conventional* reciprocating compressor. The company had experience with large centrifugal compressors, mainly for process applications in the oil and petrochemical industries. Applying the centrifugal principle to plant air compressors with outputs as low as 1,200 cfm (cubic feet per minute) and 300 hp required new designs of impellers and other components.

Most of the development work was done at the headquarters of the Turbo Machinery Division at Phillipsburg, New Jersey (which makes gas and steam turbines and large process compressors). Support was provided by Northern Research and Engineering, a contract research company specialising in *aerodynamics which is owned by* Ingersoll-Rand.

It was at Phillipsburg that the first Centac machines were built, but the company saw that if it was to meet the cost levels which the market needed production of the new line should not be combined with the big, one-off machines which were Phillipsburg's speciality. So the decision was taken to build a special-purpose plant to concentrate entirely on Centac.

Like several of Ingersoll-Rand's new Southern plants, Mayfield is in a rural area; it is non-unionised. Although it is reasonably central within the U.S., it is doubtful whether it was right to have chosen a district so lacking in experience of precision engineering. The labour force had to be trained from scratch and there were quality problems in the early years; the introduction of Centac into the Italian plant in Milan a few years later was a good deal easier. But these teething problems are now past and Mayfield is turning out some 250-300 Centacs a year.

Centac has been steadily increasing its share of the market. It is used extensively in the motor industry; General Motors has chosen it for its new small car factories. It is used in air separation plants, in power stations for soot blowing, in mining and for testing jet engines. There are now 11 models ranging up to 9,000 hp and there is scope for further development. Hitachi in Japan has been licensed to make the Centac compressor.

Can the Centac story be repeated in other parts of the company? Prodded and helped by the central research laboratory in Princeton, the managers of Ingersoll-Rand's diverse range of businesses are trying to position themselves to take advantage of the problems and challenges which are likely to dominate the industrial scene in the 1980s.

Emissions

As spelt out by the chairman, William Wearly, at the annual meeting, these issues include: world energy supply and economics; U.S. productivity decline; marginal food and water supplies; growing scarcity of materials; government regulation; inflation, high interest rates; slower population growth and changing age mix; scarcity of investment capital; and increasing competition outside national boundaries.

To take one item out of this list, anticipating government regulation is an important strand in Ingersoll-Rand's approach to innovation. Less noise from portable compressors, less respirable dust from underground mining machinery, lower emissions from engines—these are areas where, because of government intervention, investment in development is likely to prove both necessary *and fruitful. Ingersoll-Rand is* an active participant in government-funded research programmes; it is developing two continuous coal feeders for use in the coal gasification process—both financed by a $2.3m grant from the Department of Energy.

The drive for new sources of energy and better methods of energy conservation is one of the central themes in Ingersoll-Rand's development effort. Slurry pumps for moving coal by pipeline, power recovery turbines to reduce energy losses in oil refineries, more powerful rotary drills to extract ore from leaner and more remotely located ore bodies, mechanical dewatering presses to replace thermal dryers—these are the sort of products which, because of their contribution to energy production or conservation, should enjoy above-average rates of growth.

A few weeks ago the Lee Norse subsidiary, which specialises in underground mining machinery, unveiled a new "in-place mining system," which has been under development for several years. It incorporates a continuous miner, a temporary roof support system, a bridge bolter and associated haulage equipment. The system, the company believes, promises very substantial gains in productivity since it will permit continuous mining to advance safely with*out the non-productive shifting* of machinery from place to place.

Raising productivity in Ingersoll-Rand's own plants and those of its customers is another high priority; the development of automatic production systems for vehicle assembly plants is an example. Micro-processors are playing an increasing role in Ingersoll-Rand machinery, with the central research laboratory actively educating the company's engineers in micro-processor applications. The Schlage keyless lock is a micro-processor controlled system which provides stringent security for such installations as power plants, computer centres and banks.

Although there will be a tendency to replace hydraulic and pneumatic controls with electronic devices, it would be wrong to regard micro-electronics as the dominant theme in the company's approach to research and development. Many of the company's recently-introduced products, like the GT-61 gas turbine compressor set for the oil and gas industry, are based on improving and extending the company's established technologies. The company is also receptive to ideas from outside inventors; one of these, the "Split-Set" stabiliser for roof support in underground mines, has become a substantial business.

Ingersoll-Rand has the financial resources to support a high level of spending on development, but ensuring a steady flow of profitable new products is more than a matter *of finance. Because the range of* Ingersoll-Rand's businesses is so wide — covering standard items like bearings and hand tools as well as big custom-made machinery — relationships between corporate headquarters at Woodcliff Lake, New Jersey, and the operating units have to be handled sensitively. The centre provides strategic direction as well as financial control, but the main push for product innovation has to come from the operating companies.

The hope is that the recent change in organisation will give a new impetus to research and development. The corporation has been divided into four "sectors"—Standard Machinery, Engineered Equipment, Components, Locks and Tools, and International; thus portable air compressors, for example, *belong to the construction* equipment group which in turn is part of the standard machinery sector. Each sector is headed by an executive vice-president; he has on his staff an engineering vice-president with special responsibility for research and development.

Whether these changes will help to produce more innovations of the Centac type remains to be seen, but the intention is clear. Despite the problems associated with size and diversity, Ingersoll-Rand is determined to demonstrate that a large, old-established, mechanical engineering concern can be a high-technology business.

William Wearly: "We have gone for businesses we understood"

TWENTY YEARS ago Ingersoll-Rand was a conservatively managed, cash-rich company, making a lot of money out of its traditional products—mainly rock drills, compressors, pneumatic tools and pumps—but ploughing back almost nothing into capital equipment or new product development. At the end of the 1950s, with the arrival of new management, the brakes were gradually released.

A series of acquisitions enlarged Ingersoll-Rand's range of products, mostly in related industries. They included Torrington in needle bearings, Lee Norse and S and S Corporation in coal mining equipment, Improved Machinery in pulp and paper mill equipment and Schlage in door locks; the last is the nearest Ingersoll-Rand comes to the consumer market.

At the same time the company began to invest more heavily in plant modernisation and in research. Although the three original plants have been retained and kept up to date—at Phillipsburg (New Jersey), Athens (Pennsylvania) and Painted Tree (New York)—many of the new factories have been built in the South and West. There is a strong pre*ference for special-purpose* plants employing a maximum of 500 people.

The first European factory, at Trafford Park, Manchester, was acquired in 1921. It was expanded in 1964 and six years later a factory at Gateshead was bought as the base for entering the European pump industry. There is a major plant in Milan, one of forty factories outside the U.S. International sales (including exports from the U.S.) accounted for 37 per cent of total revenue last year.

Most of Ingersoll-Rand's growth has taken place under the direction of William Wearly, now 64, who has been chairman and chief executive officer since 1967; he is expected to retire at the end of this year. An engineer by training, Wearly rose to the *presidency of one of Ingersoll-*Rand's competitors, Joy Manufacturing, before resigning after a disagreement with the Board. He acted as a consultant to Ingersoll-Rand in the acquisition of several mining equipment companies before joining on a full-time basis in 1963.

Wearly is generally satisfied with the results of the acquisitions. "We've gone for businesses that we understood and for companies which were No. 1 or at worst No. 2 in their industry—and we've avoided recovery situations." Some divestments have proved to be necessary—a plastics machinery company was sold and Torrington's knitting needle business (its original product) is being disposed of—but on nothing like the scale experienced by the less discriminating acquirers of the 1960s and early 1970s.

Two more take-overs have been announced in the last few months, both concerned with the oil and gas industry. The largest of the two, involving a cash outlay of $130m, is the machinery division of Cabot Corporation, making mobile equipment for drilling and servicing oil and gas wells; this deal still has to be approved by the Boards of the two companies and the regulatory authorities.

Profits went through a flat period in the mid-1970s, partly because the company continued to expand capacity in anticipation of a recovery in capital goods demand which did not happen; Ingersoll-Rand was also disappointed by the sluggish development in the U.S. of non-oil energy sources, particularly coal. International sales have had a lean time and returns in Europe are still poor; assets of $486m produced operating income of only $53m last year. Ingersoll-Rand has too much *capacity, especially in the UK,* for the current level of business. But the Gateshead plant, after a slow start, is now showing better results, helped by a big order from Saudi Arabia for 61 brine injection pumps.

Last year capacity utilisation in the US improved markedly and operating income rose by 15.5 per cent, compared with an increase of only 3.2 per cent between 1977 and 1978. Despite the write-offs associated with the disposal of the knitting needle business, this year's earnings are likely to reach another record. The order backlog is generally good, especially from the oil and gas industry. Last year Ingersoll-Rand won the biggest order in its history —11 gas turbine-drive compressor sets, with $120m, for Pemex, the Mexican oil company; the first sets are ready for shipment at the Phillipsburg factory.

Despite the fashionable gloom about the declining competitiveness of U.S. industry, Wearly believes that the investments which Ingersoll-Rand has been making in new facilities and new products will put the company in a strong position to meet the challenges of the 1980s; this year $150m will be spent on capital investment and over $100m on research, engineering and development. It will be up to Wearly's successors to convert these investments into a sustained and continuing rise in profits.

LOMBARD

Nuclear parks and diplomacy

BY DAVID FISHLOCK

LET US REVIVE President Eisenhower's slogan "Atoms for peace," Mr. Norman Lamont, the Government's spokesman on nuclear energy, proposed recently. The nuclear power station athwart the border between two countries may turn out to be one of the best mechanisms for persuading people to live at peace; and moreover, at peace with nuclear energy. A common interest in the performance of shared plant producing low-cost electricity unobstrusively could take much of the heat out of present objections to nuclear activities.

Consider this squabble between Scandinavians, whose views on nuclear energy have received wide publicity in recent times. The Danes, who at present have no nuclear power, have made much fuss about the Swedish nuclear reactors at Barsbeck only 25 kilometres across the water from Copenhagen. The Danes, who anyway get some of their electricity by submarine cable from Sweden, now want to build a new coal-fired station near Copenhagen.

Much tougher

The Swedes, who recently voted to complete and continue with their nuclear programme, are trying to insist that the Danes must build their coal plant to Swedish standards of sulphur emission — much tougher than those prevailing in Denmark. This will substantially increase the cost for the Danish electricity producer (who anyway would prefer to build a nuclear reactor) and hence the cost of electricity in Copenhagen.

Interdependence for electricity supply, which has developed rapidly among the nations of central Europe since World War Two, is a great stabiliser of political relations between countries. Today there are nuclear plants shared between France and Belgium, France and Germany, France and Spain, for example.

Nuclear plants close to borders have been surprisingly free from disruption. Examples include the Fessenheim site very close to the German border, where France is operating two pressurised water reactors without interference in spite of the close proximity of Friborg, a rallying point for German nuclear opposition. Another is Creys-Malville, where the French are building the world's biggest fast reactor, in partnership with Germany and Italy, not far from the Swiss border.

A scheme that never came off but could have done much for East-West relations was to build a nuclear plant shared between East and West Germany, supplying Berlin. A similar scheme, unthinkable when the Berlin project was mooted, now calls for a Western nuclear station in China, close to the Hong Kong border, supplying both the Cantonese and the New Territories. For the developing world, joint ownership may permit the purchase of a reactor which would be too big for either electricity system individually.

Electricity planners in industrialised countries have no illusions about the problems they face in opening new sites for nuclear projects. As the oil-induced recession continues to bite, they may be able to make some use of the ploy the French are reported to have tried in Brittany. The story is that they made the mayor of a depressed area "an offer he couldn't refuse" — steady employment for 2,000 for eight years of construction, or they would take the project elsewhere.

But electricity planners expect to have to make maximum use of existing nuclear sites, where people are reconciled to living with nuclear energy and its most tangible manifestation —the long construction times. Existing sites are likely to expand into "nuclear parks" with half-a-dozen or more reactors. Those close to borders, such as Chooz, the French site very close to the Belgian border, could develop into jointly owned and managed electricity operations, virtually enjoying their own diplomatic status.

In England the government has no doubts that in calling for a public inquiry into plans to build a pressurised water reactor on the coast of East Anglia, 35 kilometres from Ipswich, it is inviting another concerted effort to block nuclear development in Britain. But opponents of this PWR may find it hard to explain why they have shown so little concern over the presence of a French nuclear park of four PWRs, which by then should all be operating, with another four reactors well under construction at Dunkirk.

Few jobs for new town's school-leavers

BY PETER CARTWRIGHT

EVEN BEFORE the schools break up and disgorge 2,500 pupils on to the labour market, 864 youngsters in the 16-18 age group in Telford, Shropshire, are chasing just a smattering of jobs. This in a new town which has a good record of creating jobs and is continuing to attract new enterprises to it at the rate of one a week.

Telford is where the first industrial revolution started. At the start of the second, "microchip" revolution, it is being hampered by its history. The traditional industries were iron founding, engineering and mining. But the last colliery closed last year and while engineering and metalwork still continue to head the list of incoming industries, both sectors have also been feeling the pinch of recession.

The new town is still strongly dependent on what has been the West Midlands' main breadwinner, the automotive industry. GKN Sankey, the biggest employer, like the rest of that industry, is contracting fast. The labour force has already been cut from 6,500 to 5,200 and another 638 have been declared redundant, a number that adds more than 10 per cent to the existing total unemployed of 6,103.

GKN Sankey's plight is symptomatic of the wider malaise. During the past year unemployment in the Telford travel-to-work area (which includes Bridgnorth) has increased by three points to 11 per cent.

This figure puts Telford near the top of the unemployment chart for third generation new towns like Redditch, Peterborough and Warrington which have grown from existing communities. The bleak prospects are that further job losses will lift Telford's percentage unemployment rate to twice the

AROUND BRITAIN

TELFORD

national average of 6.7 and put it among the special development areas of the North-East and North-West.

Jobs in Telford have been receding so fast that last year there was a net loss of 400 despite the creation of 750 new jobs through the town's development corporation and another 3,350 gained from expansion of existing companies. Plummeting sales elsewhere forced 4,500 out of work, out of an employed population of 44,257.

None the less, the rate at which the development corporation is attracting new enterprises is one of the brighter features of a gloomy picture. More than 4m sq ft of advanced factories has been put up, split into 450 units. Smaller nursery units are from 2,000-6,000 sq ft while bigger factories on the Stafford Estate range from 20,000-55,000 sq ft.

The corporation is actively marketing Telford in America, Germany and Japan, with the result that 30 foreign companies have set up plants and negotiations are going on with a big U.S. company interested in a 55,000 sq ft factory. Despite Telford's plight—or perhaps because of it since labour and productive space are two key factors—the level of inquiries is remaining high.

These are promising signs for the longer-term future. But, the teenagers already looking for jobs and the 2,500 who will be joining them next month do not appear to have much of a future. Next year the school leaving "bulge" will be at its greatest.

The Shropshire careers service has been concentrating with some success on finding work for young people in smaller enterprises, such as shops and electrical contractors, which but for the youth opportunities programme could not have afforded to take on an extra hand. And in a number of cases they have not only kept on the youngster but asked for another. So in this way the service is not just finding people work but creating jobs, and helping to answer some of the criticisms levelled against the programme.

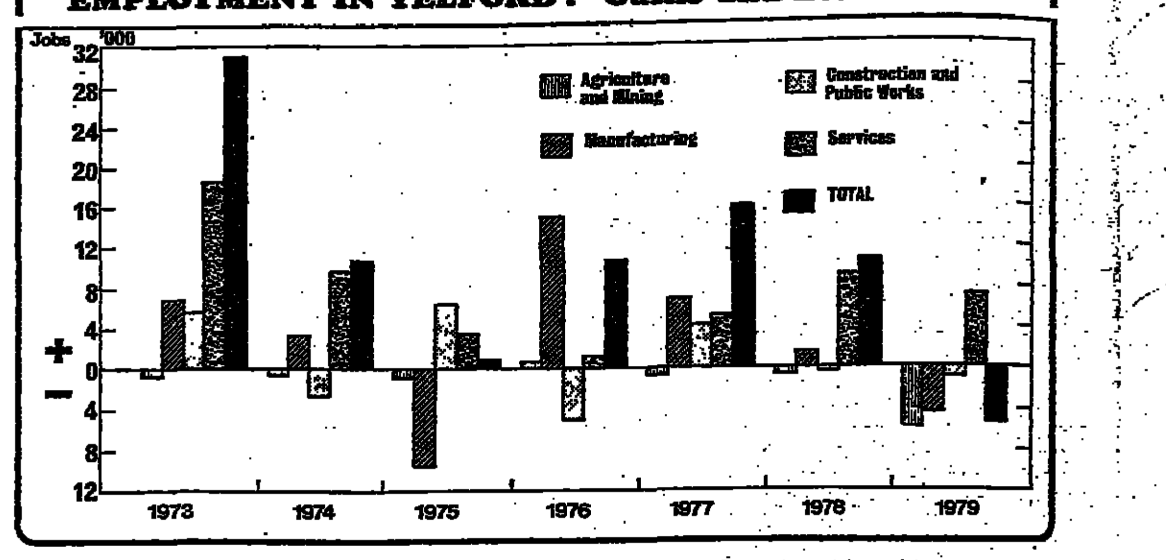
Teenagers can opt for two lots of six months' work under the programme. But what happens after that? Already it is estimated that at least 1,400 will still be out of work by next Easter. Moreover, the number of apprenticeships is fast drying up, implying a future dearth of skilled people.

In spite of everything that is being done, Telford, once a confident new town, is slipping deeper into crisis. The spectre of just how bad things could be this time next year haunts those trying to help the young.

Sir Keith Joseph thinks that young people could price themselves into jobs by accepting lower pay rates.

What jobs?

EMPLOYMENT IN TELFORD: Gains and Losses



Piggott for a York double

LESTER PIGGOTT returns to his favourite course, York, this afternoon with great prospects on horses trained at Newmarket, the South and the North.

Although Ron Boss's Go Total may not be good enough to provide Piggott with a win in the Tilcon Trophy, I expect to see both Calvocoressi and Zerxes win.

RACING

BY DOMINIC WIGAN

Zerxes, who runs in the Philip Cornes Nickel Alloys Stakes, is a bay colt by Targowice out of the High Hat mare, High Command. Zerxes has made two appearances to date.

Never in the hunt when looking far more backward than most and a 20-1 chance for a Philip Cornes event at Sandown towards the end of May, Zerxes was then allowed to take his chance in the Windsor Castle Stakes at Royal Ascot. There the Newmarket colt showed vastly improved form: finishing sixth at 33-1, in the hands of Paul Tulk.

With nothing of the calibre of those Windsor Castle rivals Zerxes should not be hard pressed to get off the mark. He is taken to score at the expense of the Queen's Rushmoor, who cut little ice in the Fenwolf Stakes on the Heath Day at Ascot.

Ryan Price had few more promising two-year-olds last season than Calvocoressi, winner on his only start of a 13-runner maiden race on the July Course. Although the Cornish Prince colt whose dam, Wire Chief, won 14 of her 56 races in the U.S., has not been out this season, he would undoubtedly not have made the long trip from Findon were Price not entirely satisfied that he is ready to do himself justice.

In a wide open race for the Tilcon Trophy, with some of the North's better sprinters facing a strong challenge from Newmarket, I expect to see Cottam Rocket reverse Gosforth Park Cup placings with Oh Simmie. Cottam Rocket, beaten two lengths in that recent Newcastle event, renews rivalry with the mare on a stone better terms.

YORK

2.00—Karlinsky
2.30—Zerxes***
3.00—Cottam Rocket***
3.30—Chirk Castle
4.00—Calvocoressi*
4.30—Bias

CHESTER

6.30—Flint
6.55—Linmill
7.50—Broomstick Corner

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 11.25 Cricket: Third Test: England v. West Indies. 1.30 pm BOD. 1.45 News. 2.05 Cricket: Third Test. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Buford Files and Dinky Dog. 5.10 We're Going Places. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.05 It's A Celebrity Knockout.
8.00 Des O'Connor Tonight.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 I Didn't Know You Cared (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "Ball of Fire," starring Gary Cooper and Barbara Stanwyck.

All Regions as BBC-1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Bys A Bawd. 4.45-5.10 Bobol Bach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Tom and Jerry. †7.35-8.00 Phil Silvers as Sergeant Bilko. 10.15 Week In Week Out. 11.05 News for Wales. 11.06-12.37 am The Late Film: "Here We Go Round The Mulberry Bush."

Scotland—9.55-10.00 am Noah and Nelly. 10.00 Jackanory. 10.15 The All New Popeye Show. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Causeway Folk. 10.45-10.50 News for Northern Ireland: National News. 12.40 am News and Weather for Northern Ireland.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC-1 4.20 pm).
2.00 pm Show Jumping and Golf.
4.30 Cricket: Third Test.
6.35 Open University.
7.00 Mid-evening News, including sub-titles.
7.10 Dallas.
8.25 One Hundred Great Paintings.
8.35 Gardeners' World.
9.00 Vive La France: "L'Hotel de la Plage."
10.45 Newsnight.
11.30 Golf: The Mazda Cars English Classic (highlights).
12.10 am Cricket: Third Test highlights.
†12.40 The Outer Limits.

LONDON

9.30 am An Asian Note Book: "A Gem Called Sri Lanka." 9.55 Winston Churchill. †10.45 Hopalong Cassidy in "Law of the Pampas," starring William Boyd. 12.00 The Learning Tree. 12.10 pm Once Upon A Time. 12.30 The Special Child. 1.00 News plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Houseparty. 2.25 Racing from York. 3.45 The Andy Williams Show. 4.15 Follow Me. 4.45 Runaround. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Other 'Arf.
8.00 Vegas.
9.00 Turtle's Progress.
10.00 News.
10.30 Mary Hartman, Mary Hartman.
11.00 The London Programme: Burglaries In London.
11.55 Luke's Kingdom.
12.45 am Close: Personal choice with Leo Aylen.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Cartoon. 9.45 Spiderman. 10.10 The Chester Beatty Library. 11.00 The Mackenzie Affair. 11.55 Cartoon Time. 1.20 pm Anglia News. 3.45 The Electric Theatre Show. 5.15 Struck by Lightning. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 7 Days. 11.00 Soap. 11.30 Friday Late Film: "Cotter." 1.10 am Your Music At Night.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 Island Treasure. 11.05 The Entertainers. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 3.45 Stars On Ice. 5.15 Leverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-o. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "Born Innocent."

BORDER

9.30 am Catch '79. 10.00 Best of Weir. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 3.45 Stars on Ice. 5.15 Sam. 6.00 Lookaround Friday. 6.30 Superstar Profile (Woody Allen). 8.00 Hawaii Five-o. 10.30 Your MP. 11.00 Late Film: "Triple Echo," starring Glenda Jackson and Oliver Reed. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 3.45 Enterprise: Life Begins at Forte. 6.00 Report at Six. 6.35 Friends of Man. 8.00 Have Girls will Travel. 10.28 Channel Late News. 10.36 Sport for All. 10.55 TV Movie Premiere: McCloud. 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Catch '79. 10.00 The Best of Weir. 10.25 Collecting with Curtis. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 3.45 George Hamilton IV. 6.00 North Tonight and Area Weather Forecast. 6.30 Thingummyjig. 8.00 BJ and the Bear. 10.30 The Masterbuilders. 11.00 Reflections. 11.05 The Friday Film: "The Mummy's Shroud." 12.40 am North Headlines and Road Report.

GRANADA

9.30 am The Adventure World of Sir Edmund Hillary. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Survival. 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 8.00 Hawaii Five-o. 10.30 Hot Seat. 11.00 Soap. 11.30 The Continental: Lino Ventura in "A Pain in the A***."

HTV

10.10 am Survival. 10.35 Pacific Peoples. 11.00 Sesame Street. 1.20 pm Report West Headlines. 2.00 Houseparty. 3.45 Stars on Ice. 5.15 Take My Wife. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 Charlie's Angels. 10.35 Press Call. †11.05 The Friday Film: "Eight Iron Men."

HTV Cymru/Wales—As HTV West/General Service except: 11.55 am-12.10 pm Cei Cocos. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Llangollen International Eisteddfod.

SCOTTISH

9.30 am Catch '79. 9.55 Fijian. 10.20 Collecting with Curtis. 10.35 Clapperboard. 11.00 Charlie's Angels. 11.55 Cartoon Time. 1.20 pm News and Road and Weather. 3.45 The Electric Theatre Show—Peter Sellers. 5.15 Mork and Mindy. 6.00 Scotland Today News and High Summer Extra. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie—"The Hellbenders."

SOUTHERN

9.30 am The Wild, Wild World of Animals. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 Young Ramsay. 1.20 pm Southern News. 3.45 The Entertainers. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South-East (South-East Area only). 6.30 Tell Me Another. 8.00 The Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 "Crescendo," starring Stefanie Powers.

TYNE TEES

9.20 am The Good Word followed by North-East News. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Knossos—Lost Capital of Atlantis. 1.20 pm North-East News and Lookaround. 3.45 Wild, Wild World of Animals. 5.15 Struck by Lightning. 6.00 North-East News. 6.02 Happy Days. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.30 North-East News. 10.32 Film of the Week—"Bob and Carol and Ted and Alice." 12.30 am Countryside Christian.

ULSTER

9.30 Catch '79. 10.00 Best of Weir. 10.25 Collecting with Curtis. 10.35 Clapperboard 11.00 Sesame Street. 1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News Headlines. 5.15 Anna and the King. 6.00 Ulster Television News and Sport. 6.30 An Exceptional Child. 8.00 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: Columbo. 12.20 am Bedtime.

WESTWARD

9.30 am Catch '79 10.00 Best of Weir. 10.25 Between the Tides. 10.35 Clapperboard. 11.05 Cooking with Tovey 11.15 The Beatles. 11.40 Tennis with Mark Cox. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Enterprise: Life Begins at Forte 6.00 Westward Diary. 8.00 Have Girls Will Travel. 10.32 Westward Late News. 10.36 Sportsline. 10.55 TV Movie Premiere: McCloud. 12.35 am Faith for Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The World We Live In. 10.00 Ride to a Spanish Virgin. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Stars on Ice. 5.15 An Exceptional Child. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Soap. 11.00 Appointment With Fear: "Curse of the Crimson Altar," starring Boris Karloff.

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 John Timpson (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S) 6.03 John Dunn (S). 8.02 Radio 2 Ballroom (S) 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News, 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 10.05 Schumann and Stravinsky violin and piano music (S). 10.40 BBC Northern Ireland Orchestra (S). 11.25 Cricket: Third Test. England v. West Indies including 1.35 pm News. 1.40 Call the Commentators and 2.00 Lunchtime scoreboard. 6.40 pm Ljuba Welitsch. 6.55 Play It Again. 7.00 One Pair Of Ears. 7.15 BBC Symphony Orchestra concert, part 1 (S). 7.55 The Great Prayer. 8.15 Concert, part 2 (S). 9.15 Bayreuth and Wagner Research. 9.40 Boccherini (S). 10.00 Solemn Vespers for the Feast of St. Benedict, from Westminster Abbey (S). 11.00 News. 11.05-11.15 Organ Music.

VHF—with Medium Wave above except as follows: 6.00-6.55 am Open University. 11.25 Young Romanian Soloists (S). 11.55 Bavarian Radio Symphony Orchestra (S). 1.00 pm News. 1.05 Cleveland Quartet (S). 2.00-2.10 Interval reading. 2.45 Strauss chamber music (S). 3.30 Somervell's Maud (S). 4.10 BBC Welsh Symphony Orchestra (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday In Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 The First Oil Crisis. Dr. Musaddiq and the nationalisation of Anglo-Iranian oil. 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm You And Yours. 12.27 The Year In Question. 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 How Does Your Garden Grow? 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week in Synod. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Miles Kington. 12.00 News.

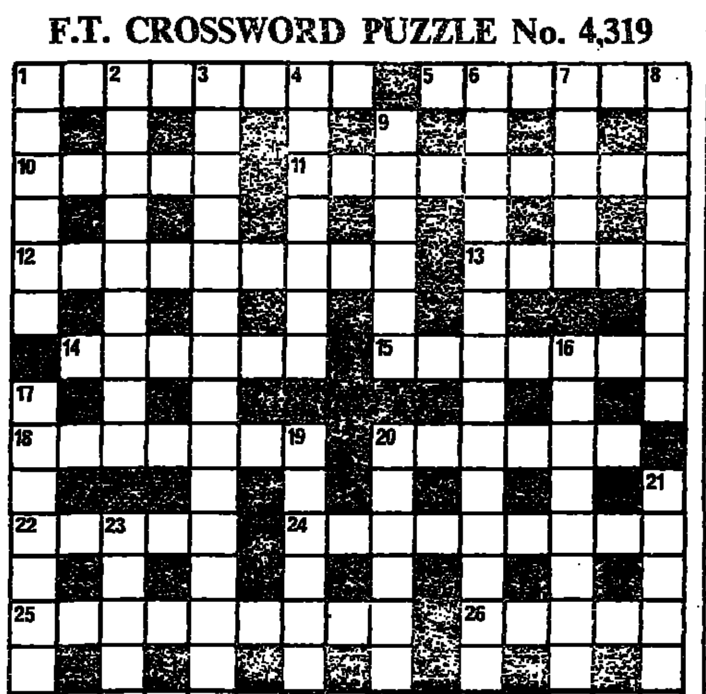
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,319



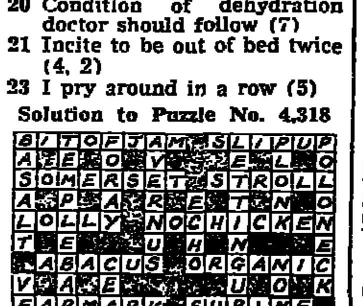
ACROSS

1 Prediction for actors from the east (8)
5 Poetic type appearing in Spanish article (6)
10 Could it be the sole answer? (5)
11 Bury a tuft of hair in knitted fabric (9)
12 Amorphous mixture of puny shale (9)
13 Begin again to renovate (5)
14 Failed to meet girl with short edition (6)
15 I must appear in list and swagger (7)
18 Collective information put to Eric (7)
20 Leave from French role (6)
22 Group of players not appearing around the north-east (5)
24 Outstanding musical concert in topless tent (9)
25 Holding cheap illumination from pole (9)
26 One who teaches you in French to read initially (5)
27 Wipe around receiver, it's gloomy (6)
28 Begin to knock on stage exit (4-4)

DOWN

1 Pull and if overturned replenish the contents (4, 2)
2 Concerning vocation and forgiveness (9)
3 Audibly solicit contributions from wounded supporter — used by 6 (6-9)
4 Send round gratuity or salary (7)
6 Artist producing airport pattern I arranged—using 3? (8-7)
7 Bird on pole to hit on the head (5)
8 Indifferent writer of gospel with member from the west (8)
9 One who remains and supports an athlete with stamina (6)
16 Torturer putting people between hills (9)
17 Expressing anguish, mix sago and dine (8)
19 Ancient Egyptian language giving policeman a nervous twitch (6)
20 Condition of dehydration doctor should follow (7)
21 Incite to be out of bed twice (4, 2)
23 I pry around in a row (5)

Solution to Puzzle No. 4,318



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THE ARTS

Cinema

Missing the bus by NIGEL ANDREWS

Being There (AA) — Odeon, St. Martin's Lane
Bus Stop — Scala
La Chambre Verte — ICA
Boris Barnet — National Film Theatre
Marigolds in August (A) — Paris Pullman and Phoenix
Dona Flor and Her Two Husbands (X) — Classic, Chelsea

Marilyn Monroe, woozy, wide-eyed and dripping with anxious eroticism as she croons "That old black magic" in Joshua Logan's 1956 *Bus Stop*, knocks every other film for six this week; not least Hal Ashby's tepid and much-touted *Being There*.

A quarter-century separates these two movies, both plush Hollywood comedies spiced with pathos, and an even wider gulf separates their charms and achievements. *Being There* is modern cinema at its most machine-made, its stiff-limbed automatism dolled up with an all-purpose, spray-on prettiness of photography. *Bus Stop* has a bounce and lustre that come straight from the heart, and a sentimentality so fearless that it leaves you gasping with delight and admiration.

They're both star vehicles scripted by "class" writers—Jerzy Kosinski adapted *Being There* from his own novel, George Axelrod reworked *Bus Stop* from William Inge's play—and in both movies the comedy's mainspring is verbal not visual. But in *Bus Stop* the Technicolor images devour the screen, hungry for every foot of the Cinemascope screen. In *Being There* the staging and photography are as tasteful as a mausoleum, with just as many bare and gloomy corners redundant to the action and ready for snipping-out when the film slides onto the TV screen.

Peter Sellers in 'Being There'

Peter Sellers is *Being There's* philosopher-hero: a hermit-like gardener booted unceremoniously into the world when his rich employer dies. Reared on TV and never before having ventured into the seething cosmos beyond his master's four walls—to wit, Washington D.C.—Seller's gnomic naivety soon takes East Coast America by storm. He is adopted by a dying millionaire and his wife, Melvyn Douglas and Shirley MacLaine, and the President himself (Jack Warden) comes to hang on Seller's every gardening proverb as if it were purest wisdom and a ticket to his re-election. "In a garden, growth has its season: There is Spring and Summer, but there is also Fall and Winter," raptly drones the Kaspar Hauser of Washington, and the President ups and repeats it word for word on national TV.

This line in cross-wired comedy is quaintly funny and keeps the film sparking along for an hour or so. But when it's run its course there's nothing to replace it, and Ashby's direction—fresh from the earnest liberalism of *Bound for Glory* and *Coming Home*—mantles the film in an ever more spurious, stately elegance that crushes the life out of what little comic invention is left.

Sellers, like a novocained gnome, regally dispenses his rigor-mortised whimsy, and Melvyn Douglas and Jack Warden gasp and chuckle gamely as the enchanted oldies. But poor Shirley MacLaine is landed with the ever more prominent, ever more unsalvageable role of the millionaire's wife who falls for Sellers and thinks he can only be turned on by voyeurism. "I like to watch," he insists: meaning television, but conveying sex. And ho! what hilarity eventuates when Miss MacLaine goes into onanistic contortions for him on the four-poster bed: Ashby photographing it all the while with the respectful impassivity of a mortician pondering a corpse. All the beautiful barminess that there is in Kosinski's comic fable — and there is plenty — Ashby embalms. It's a dead, dire, desolate movie.

*

Being There tries to fashion a cosmic satire — on political gullibility, on the babyfeeding of the media, on the rise of tinpot messiahs—by means of a stately, stand-off, sager-than-thou sophistication. It's a coward's film, refusing to mesh with either the motives or the feelings of its characters. *Bus Stop* is also a satire, poking monstrous, empurpled fun at its dilapidated night-club "chantoose" of a heroine (Monroe), its backwoods simpleton of a hero (Don Murray) and at the more lunatic myths and morals on which the children of the American West are reared.

But though Joshua Logan's film lampoons its characters, it's not afraid to get in among them and to love them. Riding into Phoenix to compete in the Rodeo contest, Don Murray's whoopin' and hollerin' Montana booby — "That's maah aingel!" he cries on sighting the bewitching Monroe and instantly earmarking her as Mrs. Right—is a hilariously lovable mish-mash of male chauvinism and sexual innocence. And Monroe herself, wrapping a goofily gorgeous tongue around her Ozarks accent, mills pixillated pretension and third-rate dreams from every line of her gushed-out dialogue.

Never mind that the movie is as talky as any filmed play could be, nor that the "happy ending" is semaphored at least half way through. What counts is the rampant poetry of the performances, the luscious overkill of the '50s Technicolor, and the feeling that director Joshua Logan couldn't make a contemptuous and tastefully inert film like *Being There* even if he tried. *Bus Stop* shows at the Scala cinema in a spanking new print and you shouldn't miss it.

*

The same goes for Francois Truffaut's *La Chambre Verte*, a slow, haunted, mould-green movie based on two stories by Henry James. Is there love after death? the film asks as its widower hero, played by Truffaut himself, clings to the memory of his dead wife and allows nothing — neither his work as a journalist nor his kinship-in-bereavement with a young girl (Nathalie Baye) who has lost her fiancé—to subvert the sacred passion that reaches beyond the grave. Although it's two years old and has already been seen on British television, *La Chambre Verte* is vividly worth catching on the big screen. Truffaut paints the story in broad, bleak brushstrokes of romantic melancholy, and Nestor Almendros's magnificent colour photography clings to the sickly-beautiful colours of an overgrown graveyard.

*

Boris Barnet is the improbably named Soviet film-maker to whom the National Flm Theatre is mounting a two-week season beginning tomorrow. Born in Russia of an English father—hence the nomenclatural snarl-up—Barnet turned out a series of high-style comedies, thrillers and social dramas that kept the assembly-line of Russian cinema moving during the 40 years of his career. Of the NFT films *Girl with the Hatbox* is a real charmer—Anna Sten, later Hollywoodised, romping through a perky comedy of misunderstanding—and there are ample other goodies in the season.

*

Honest, honourable and unconscionably dull, *Marigolds in August* is another lumpen tractatus on social oppression by the South African duo who brought up *Boesman and Lena*: dramatist-screenwriter Athol Fugard and director Ross Devenish. Fugard's anti-racial fulminations crackle fiercely enough on stage but on film, un-matched let alone transfigured by Devenish's blockish camera movements and pacing, his dialogues-of-the-doomed are left to fizzle out in the large and empty air. Winston Ntshona and John Kani are the two poor blacks jockeying for work and playing personality politics in the South African bush, and Fugard himself is the wizened snake-collector who mediates between them.

As for *Dona Flor and Her Two Husbands*, leave all three well alone. Its musical beds in merriest Brazil as the title heroine decides to make the best of widowhood by bedding down with both her new husband and her dead one. Ghosts, carnivals, overacting and Portuguese with subtitles.

Brian Bovell, Troy Foster and Mike Grady — Leonard Burt

Riverside Studios

One Fine Day by B. A. YOUNG

This is Black Week in the London theatre—a season of five plays starting at the Riverside and a couple of African plays at the ICA. The first to come my way is Nicholas Wright's *One Fine Day*, which examines the effect on native culture of the Marxist regime, such as it is, in Tanzania.

The point that Mr. Wright makes well is that no-one recognises culture when they see it. Steve, a young, Leftish lecturer at a Polytechnic (played by Mike Grady in such a hangdog manner that no African would take him seriously) goes to Tanzania with a Land-Rover full of audio-visual aids. His mission is to awaken the Africans to their own way of life. The teachers' training college where he finds himself is run on Dotheboys lines; the students spend most of their days working on a coffee shamba whose produce is sold to a British firm. Having had a vital item of his equipment stolen, Steve gets the students to act a story for him, since he can arrange no demonstrations himself. The story they show him tells how the Indian who formerly owned the shamba left in a hurry after hearing mysterious voices in his house which he attributed to departed tribal ancestors, angry at seeing a foreigner working the tribal land.

Africans are wonderfully good at this kind of thing. Mr. Wright has caught their style most convincingly and the company, though not all Africans themselves, reproduce it admirably and amusingly. Here indeed is African culture in action, but naturally Steve doesn't recognise it as such. On the other hand, he is indignant that the students should be working as hard for Mr. Mzoga, the President of the college, as they ever did for the Indian, and he precipitates a strike by encouraging the students to ask Mr. Mzoga what becomes of the coffee they grow for him.

The confrontation is distinguished by a blazing performance by Joe Marcell as the totalitarian President, whose way it is to have an "open day" once a week, but to dissuade the students from spoiling his rest by ever coming to see him. Steve, not surprisingly, finds himself no longer welcome and his Land-Rover confiscated. His last illusions about African culture come with a long conversation with Mr. Kaduma, the Vice-President (admirably played by Yemi Ajibade). Mr. Kaduma confesses that Stellenbosch in South Africa, is "the place of my dreams," even if no one is allowed to sell him a drink there. "Africa," he says frankly, "is a continent of bull-shit;" and this is a conclusion that better-informed men than he are also reaching.

Mr. Wright adds a sentimental conclusion to the natural end of his play, but if only for the play-acting scene and the scene between Steve and Mr. Kaduma it's worth a visit, especially from anyone interested in the position of African tribesmen in the emergent nations.

Brian Dickie to succeed Moran Caplat at Glyndebourne

Brian Dickie will succeed Moran Caplat on his retirement as general administrator of Glyndebourne, with effect from October 1, 1981.

Mr. Dickie joined Glyndebourne in 1962 as assistant to Jani Strasser, then head of music staff. In 1967 he was appointed administrator of the newly formed Glyndebourne Touring Opera.

For the past seven years he has acted as Moran Caplat's chief deputy for the Glyndebourne Festival.

Covent Garden

Baryshnikov by CLEMENT CRISP

Returning as a most welcome guest to the Royal Ballet and to *Romeo and Juliet*, Mikhail Baryshnikov showed on Wednesday, as he did on his previous visit, a vivid sympathy with the character of MacMillan's hero. The production insists upon the fact of Juliet as the motive force of the drama, and Lesley Collier makes a purposeful figure of the girl awakening to womanhood through passionate rebellion against her world.

But Baryshnikov offers a no less sharply motivated portrait, once the initial crowd scene is past. From tear-away youth in the opening brawl, he becomes entirely focussed upon Juliet when he sees her at the ball. Romeo's personality appears suddenly mature; youthful ardour remains — gloriously eager in the balcony scene, which Baryshnikov shows in one long span of rich, strongly-pulsed dance—but it is controlled by his new-found love.

Fascinating the variety of physical expression Baryshnikov brings to the role. In certain scenes, surrounded by his friends (David Wall a superb Mercutio; *Michael Batchelor* all elegance as Benvolio) Baryshnikov adopts a demi-caractère manner, the dance sharp in accent, almost stocky in its physical outline. When the choreography speaks of the purer claims of the *danse d'école*—in the balcony duet; in a brief solo in the square in act two, where Baryshnikov produces what look very like triple *assemblés en tournant*—his dancing opens flawlessly out, the image beautifully stretched, ideal in nobility. Amazing the way the banked fires of the personality blaze when he must finally fight Tybalt. Here Baryshnikov has a driven, explosive energy which, totally expended, finds him swaying but unable to move when he realises the implications of Tybalt's death. It is truly expressive dancing, and it reaffirms Baryshnikov as a dance actor of greatness. And he has that rare quality, which was Leonid Massine's, of being able to stand motionless and command all our attention.

From the company, as from the orchestra under Ashley Lawrence, a persuasive and well-paced account of the ballet. David Wall's Mercutio seems to me most moving in his death scene, and blessedly free of the obvious jokiness that has been creeping into the role of late. Even the three harlots—Sally Inkin, Rosemary Taylor and Rosalyn Whitten—seemed fresher than heretofore. Guest artists are a good thing for waking a company from the doldrums of predictability.

St. Paul's Cathedral

Berlioz' Requiem by DAVID MURRAY

Though André Previn adjusted Berlioz' *Grande Messe des Morts* to the Festival Hall with the utmost tact not long ago, it was a great pleasure on Wednesday to hear it in the right, hugely sonorous setting. Not for the first time, the City of London Festival presented the Requiem with the immense forces Berlioz intended—and of a professional quality which he could hardly have expected. The choruses were those of the London Symphony and the Brighton Festival (their respective directors Richard Hickox and Laszlo Heltay), with Robert Tear as solo tenor, and John Pritchard conducted the Philharmonia Orchestra.

Pritchard is a fine Berliozian, and the Requiem further requires powers of crowd-control far above the common run. Nothing was wanting here: the great brass eruptions came in well-serried waves, and the choral lines were not only massively confident but cleanly cut. There was an unyielding rhythmic pulse like a natural force, the better to set in relief the inspired asymmetries and free dramatic inventions of the score. The multiple echoes of the cathedral would seem virtually impossible to reckon with, and yet Pritchard achieved a luminous clarity where it would seem quite beyond reach. From where I sat, almost behind the double basses, a little orchestral detail fell away; but all the sombre, barbaric elegance of the music was re-created on a satisfying scale.

The acoustic enforced the broad tempi for which Berlioz allowed. Pritchard judged the available contrasts to a nicety—there was no hint of unreined grandiloquence, thanks partly to the crisp unanimity of all the choral diction, but also to his astute pacing of the main climaxes and his suave delicacy with the gentler movements. Rather than essaying a floated Gallic sound, Tear delivered a fervent Sanctus on the heroic scale of the rest. The Lacrymosa, taken with daring swiftness, succeeded brilliantly, with the orchestral punctuation like slashing blades. For this giant battery Berlioz devised a reckless amount of syncopation, and it was made sensationally sharp and effective. It would have been impertinent to ask for still more restrained pianissimos (the Offertorium sounded a shade matter-of-fact, perhaps) in the face of so rich a performance: grandly serene and terrifying by turns, wholly inspiriting.

Olivier

Shakespeare's Sonnets

On Wednesday afternoon Simon Callow performed 149 of Shakespeare's 154 sonnets in a new order based on the researches of a scholar, John Padel. Mr. Padel's book has not yet been published but it seems it will follow, in its early stages, Professor Dover Wilson's belief that the first 17 were addressed to Sir William Herbert on his seventeenth birthday. I am in no position to enter the lists of scholarship on the correct order. Mr. Padel's work places Herbert at the centre of the entire canon, with Shakespeare composing the "Dark Lady" sequence as a play within a play in Shakespeare's quest to initiate WH in the ways of heterosexual love-making. The new order also establishes the poet as someone who took rejection by WH hard before asserting the truth of art as witness to his own passion.

So much is conveyed with great power in Mr. Callow's somewhat over-inflected reading of the sonnets which, like most people, I have only ever read in short spurts. To be pummelled for over three hours with energetically delivered pentameters I found to be an experience less enlightening than totally exhausting.

There is presumably an audience which cares very much about the chronological composition of the sonnets. I can hear already the distant rumble of that combative Southamptonite, Dr. Rowse. But for the general reader, each sonnet has its own internal key, its own private message. As a sequence, they simply are not the stuff of dramatic recital. For so formalised a convention as the sonnet, it is foolish to discount the function of the eye in scanning the entirety of each unit.

For sonnets I had forgotten or merely never noticed, my concentration was incapable of meeting the full frontal challenge of Mr. Callow's impassioned inflections. He is always a demanding actor, in the best sense, but there is very little respite from a pained and querulous high pitch. The end of the affair with WH is represented as an opportunity for embalming a passion in the intimate rhetoric of the poetry. Time, too, in the shape of the Old Reaper, receives his comeuppance. On his own terms, Mr. Callow (directed by Michael Kustow) has achieved wonders. But my mind is pounding with pentameters which I hear as rhythm divorced from meaning. The performance never faltered, except when we very nearly heard "Rough buds do shake the darling winds of May."

MICHAEL COVENEY

Wigmore Hall

Haydn Festival by DOMINIC GILL

One of the high points of the Haydn Festival that has unfolded at the Wigmore Hall these past 10 days was to have been the appearance on Wednesday, at the penultimate recital, of the Hungarian soprano Krisztina Laki singing a dozen of Haydn's little *Canzonets* from 1794 to 1795. But Miss Laki was indisposed; her place was taken by Craig Sheppard at the piano, who gave us (at short notice) two more sonatas from the periods mainly under investigation during the series, the 1770s and 1790s.

The evening's string ensemble was the talented young quartet from Salzburg, the Pro Arte—who gave the D major fourth of Haydn's op. 20 set with elegance and gravity, resisting the temptation to take the opening *allegro di molto* too fast, and bringing the adagio variations to their climax smoothly and with fine intensity. They ended in the same key with the late quartet op. 76 no. 5 of 1797: a secure and buoyant account, very prettily voiced (especially the Largo in distant, glowing F sharp major), and in the finale unusually outspoken, bristling with good humour and high spirits.

It was a relief, and a delight, to hear from Craig Sheppard some of the legato playing that had been so notably absent from his Bach recital a fortnight before. The quirky, quicksilver manner, too, exactly suited the two piano sonatas he chose: the E flat major No. 40 (Hob. 25), with its dancing emphases and uneven phrase-lengths (and its tiny, twirling *Tempo di menuetto*); and the C major No. 58 (Hob 48) coloured with extravagant dynamic and rubato shadings that were far from "authentic," but nonetheless (and far more important) powerfully consistent and convincing. elegance and gravity, resisting the temptation to take the opening *allegro di molto* too fast, and bringing the adagio variations to their climax smoothly and with fine intensity. They ended in the same key with the late quartet op.76 no.5 of 1797: a secure and buoyant account, very prettily voiced (especially the Largo in distant, glowing F sharp major),

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Friday July 11 1980

Hope amidst the gloom

AFTER A summer of economic summits and Ministerial meetings, it would be surprising if the OECD, which represents the consensus of opinion in the industrialised countries, emerged with any blinding new insights into our present discontents. The half-yearly Economic Outlook, published today, duly reflects the present state of policies and expectations. The expectations, needless to say, are somewhat gloomy—though the judgment that inflation in the industrialised countries has already passed its latest oil-induced peak gives some strong ground for future hope. The policy discussion, which suggests that we have learned quite a lot in the 1970s, reinforces this hope.

Demonstration

The striking facts are that in the OECD area as a whole, there has been little attempt to repeat the efforts of 1974-75 to protect real incomes against oil-induced price increases through exaggerated wage claims. It is this moderation, coupled with the determination of all governments to maintain tight monetary policies despite the deflationary implications of doubled oil prices, which has made it possible that the inflationary reaction will be brief. The UK unhappily stands as a demonstration of the costs of ignoring these necessities for a period—a bitterly ironic result in the economy which has least to fear from oil price rises.

If the inflationary episode is relatively brief, there is reason to hope that the recession will also be less severe than last time round. As the OECD forecasters point out, a rise in oil prices need not in an ideal world cause a recession at all. It is the equivalent on a worldwide scale of a sudden rise in the savings rate: consumption falls to the extent that oil producers do not spend their revenues, but interest rates should fall as they place their surpluses in capital markets, so that the end result would be to substitute investment for consumption.

Inevitable

Unfortunately we live in an inflationary world; and although the response to the latest round of oil price increases may have been successfully contained, the underlying rate of inflation is itself high enough to demand restrictive policies. For this reason interest rates are higher and investment lower than in an ideal world.

So far, few would nowadays quibble with the analysis; but in looking ahead, the OECD seems to suffer from a split mind. In one passage, the report suggests that provided the money supply is kept growing at target rates, the reduction of inflation and the consequent fall in interest rates will itself produce recovery—a feeling which reflects the hope of our own government and of the monetarist economic school. Elsewhere, however, the OECD suggests that the fall in inflation should be taken as an opportunity to apply renewed fiscal stimulus, probably in the form of job creation and investment subsidies. This does not seem to reflect the world of determined monetary control, unless it is thought that the recession will so deepen that monetary growth will fall short of target rates despite the expected fall in interest rates. Perhaps such split thinking is inevitable in an international body.

Underlining

For the rest, the report has some cogent things to say about balance of payments objectives, free trade and energy policy. Countries with good credit standing should not strive to correct their current deficits, but rather encourage an inflow of capital; by encouraging rather than resisting recycling in this way, they will help to limit the oil recession. Meanwhile, governments should stick to their declarations on free trade—and should especially offer access to products from developing countries, helping simultaneously to encourage development and restrain consumer prices. Finally, policies directed to reduce dependence on oil imports should be strengthened.

This last point deserves heavier underlining. The OECD seems to regard the fact that the co-ordinated growth programme of 1978-79 ran into a sudden barrier of oil prices as an unfortunate accident. In fact it was cause and effect. Sustained growth will only be possible if we can reduce both inflation and our dependence on imported oil.

Lame riposte to dawn raids

THE REPORT by a special committee of the Stock Exchange into the share dealings which enabled De Beers to build up a 25 per cent stake in Consolidated Goldfields is a good account of a very murky affair. It makes it clear that De Beers, with the active co-operation of members of the Stock Exchange, ignored the spirit, but not the letter, of UK law on the disclosure of share ownership.

It leaves an equally clear impression that the "dawn raid" with which De Beers, the London broker Rowe and Pitman, and the jobber Akroyd and Smithers, secured the last 11 per cent of Goldfields, was carried out in a blatantly inequitable manner. Yet the Stock Exchange Committee, while drawing some constructive conclusions for company law and the SE's dealing code, lamely avoids any reprimand for its members' key part in the story.

Discreet

The operation took place in two phases. The first—between October 1979 and February 1980—saw De Beers and the London broker and jobber acting in concert to procure a steady trickle of shares in Goldfields. The UK Companies Act, part of which is concerned that a UK company should know the identity of its major shareholders, says that holders of over 5 per cent must reveal themselves. So, after discussing the matter with Rowe and Pitman, De Beers arranged for the shares to be acquired discreetly and discretely in 5 per cent packets. Legal advisers confirmed that this ploy sufficed to avoid infringement of the law.

The SE committee argues that the Act is inadequate and must be rephrased to obtain disclosure from purchasers acting in concert. Given the existing state of the law the Committee does not feel that Rowe and Pitman did wrong to continue acting for De Beers. The Committee is undoubtedly right about the law but it is a sad reflection on the SE's powers of self-regulation that such an obvious flouting of the spirit of disclosure and of the "informed market" should not even merit a retrospective slap on the wrist.

The second phase of the operation was the "dawn raid" on February 12th through which De Beers acquired 11 per cent at a premium price within half an hour of the start of trading. The main beneficiaries of this limited offer were clients and institutions contacted by Rowe and Pitman, and jobbers who sold short heavily while the price was high, only to replenish when it subsequently tumbled.

Unfairness

It is obvious that in an operation of this kind some unfairness to shareholders is unavoidable. Yet the account of this share raid suggests that fairness was the last thing on any of the participants' minds. One unfortunate jobber was not even informed of De Beers' requirements. Rowe and Pitman had a head start in rounding up sellers. There was no formal announcement of the offer posted in the Stock Exchange at the start of dealing, from which a few fleet-footed outsiders might have benefited. The only information was from the jobbers and they were happily selling short.

Yet the most ire that the Committee can raise over this raid is that Rowe and Pitman "breached Stock Exchange etiquette" and that short selling by jobbers is "potentially inequitable"—as if the potential had not already been heavily exploited. The Committee does, however, come up with a set of nine sensible rules which should improve the conduct of such large scale market operations in the future.

Under exchange controls, De Beers would have needed permission from the Bank of England to have established a holding in Consolidated Goldfields of more than ten per cent. Now that the controls have gone the SE Committee wonders whether the authorities need statutory powers to block unwanted purchases from abroad.

Undesirable

The Wilson Committee asked the same question and our short answer is that such powers are undesirable. The question is, in any case, a canard in the context of this report. What is disturbing here is to see the Stock Exchange, which is the City's champion of self-regulation, appearing so mealy-mouthed in the criticism of unacceptable actions by some of its members and then basing its reticence on the claim that the statutory controls are inadequate.

THE 'CRISIS' OF FINANCE AND LABOUR RELATIONS

The intolerable burdens on Fleet Street

BY MICHAEL THOMPSON-NOEL

NOTHING BEATS plain talk. The national Press in Britain, said a former Fleet Street editor, is a "sick and subsidised industry in which cynicism and bloody-mindedness often appear the sole orders of the day." It is an industry for which the proprietorial eccentricities of the past have given way to an intolerable, perhaps terminal, combination of excessively high fixed costs, trade union intransigence, and a supervisory formula apparently based on management-by-the-minute.

It is the terrible paradox of Fleet Street that it repeatedly lays its soul bare — dissects and analyses its commercial ills and problems — in a way rivalled by virtually no other industry, and yet remains, it would appear as far from solution as it was before.

It is once more beating its breast. The latest "crisis" (Fleet Street's own word) has arisen at The Observer, where extended talks between the print unions and management representatives of the paper's off-shore owner, Atlantic Richfield, the U.S. oil group, are continuing.

One of the main issues between them is the price to be paid for a change to new production techniques in the machine room. Of even greater importance to The Observer is the cost of agreement on "collect" printing, a manning system designed to allow extended print runs without investment in new machinery.

It is difficult to gauge the true seriousness of affairs at The Observer. Atlantic Richfield, which rescued the paper from its last crisis at the end of 1976, buying 90 per cent of the shares for a nominal £1—it has since fulfilled its promise of heavy investment, reputedly to the tune of as much as $20m—is said to have insisted that the paper will close if agreement is not reached.

Mr. Roger Harrison, The Observer's joint managing director, is reported to have told the unions that he needed agreement in "black and white." Mr. Les Dixon, president of the National Graphical Association, the key union involved, has warned that the paper might face closure. And Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC Print Industries Committee, has said that the owners are not bluffing, that this was "not a re-run of The Times dispute." Fleet Street could still be summoned to watch the burial of the paper, he said, but at least the deadline for resolution of the talks had been extended.

The view elsewhere in Fleet Street was that the drama at The Observer had been badly over-scripted. This view has gained strength as the number of postponed deadlines has increased.

Further, few managers I spoke to believed that The Observer would die—or that if it did, a chorus-line of bidders would not hastily assemble and compete to revive it, despite Fleet Street's worsening symptoms, among them the onset of a recession in advertising.

HOW THE DAILIES STAND . . .

	October '78-March '79	Price increases	October '79-March '80	+ or −	% change
Daily Express	2,446,762	10p to 12p	2,313,083	−133,679	−5.46
Daily Mail	1,962,506	10p to 12p	1,935,880	−26,626	−1.36
Daily Mirror	3,642,240	9p to 10p	3,585,187	−57,053	−1.57
Daily Star	—	8p to 10p	965,904	—	—
Sun	3,869,355	8p to 9p 9p to 10p	3,845,575	−23,780	−0.61
Daily Telegraph	1,440,729	10p to 12p	*1,446,103	+5,374	+0.37
Financial Times	195,279	20p	*196,322	+1,043	+0.53
Guardian	336,745	15p to 18p	*367,807	+31,062	+9.22
Times	suspended	15p to 20p	*325,851	—	—
Total	13,893,616		14,981,712		

. . . AND THE SUNDAYS

	October '78-March '79	Price increases	October '79-March '80	+ or −	% change
News of the World	4,825,367	14p to 16p 16p to 18p	4,576,865	−248,502	−5.15
Sunday Express	3,293,965	18p to 20p	3,106,077	−187,888	−5.70
Sunday Mirror	3,874,902	16p to 18p	3,845,211	−29,691	−0.77
Sunday People	3,932,146	16p to 18p	3,917,188	−14,958	−0.38
Observer	955,773	20p to 22p	*1,010,374	+54,601	+5.71
Sunday Telegraph	1,066,956	18p to 20p	*1,007,549	−59,407	−5.57
Sunday Times	suspended	22p to 25p	*1,408,678	—	—
Total	17,949,109		18,871,942		

* 3 monthly averages Jan./March 1980. Source: ABC

Equally, few denied that events at The Observer were not another manifestation of what The Times two weeks ago dubbed the Fleet Street death wish. It said that events of the past year had produced a revolutionary change in the industry's position—from decline to catastrophe.

Some thought that piquant, coming from the flagship of a company that lost virtually £40m in an 11-month dispute last year in which its titles entirely disappeared from the Street. That dispute could have been underwritten only by the oil riches of the International Thomson Organisation parent in Toronto. And it was one that had resulted in victory for the print unions, it has been claimed by the NGA.

The position is grave, though its severity varies widely from title to title. In total, production losses, whether attributed to faults human or mechanical, have cost Fleet Street 75m lost copies so far this year, compared with 91m lost in the whole of last year, and 155m in 1978. These figures do not include losses sustained by the suspension of Times Newspapers.

On Fleet Street's own estimates, 10 of the 18 main titles produced in or near Fleet Street are currently operating at a loss. Some titles are showing very heavy losses, others very healthy profits, but the fact that confronts them all is that the current low-water mark in Fleet Street as a whole coincides precisely with the point on the calendar at which the substantial advertising boom of the past three years is teetering towards recession. It is not expected to be as severe as the advertising recession of 1975-76, but this particular Big Dipper is fast moving down.

Ironically, trouble at The Observer stems directly from major circulation gains last year caused by the self-withdrawal of the Sunday Times. At its peak, The Observer's circulation reached 1.3m, compared with around 700,000 before its rival went away. Its colour magazine was transformed into a veritable advertising catalogue, and despite a big increase in numbers of pages, it was at one point turning away more than £100,000 a week in classified advertising revenue because of lack of capacity.

Its circulation is still around 1m. This has meant big production cost increases and has exacerbated difficulties over new machine room rates of pay. The NGA was seeking £7 for every eight extra pages above 48, producing a top rate of £106 a night for a 64-page paper. The management, wanting simultaneous production of a four-section paper, initially offered £3.25 for every eight extra pages. Senior NGA craftsmen, it has been said, hanker for the good times of recent years, when their earnings reputedly reached £500 a week.

The current financial position at The Observer is by no means clear. At Times Newspapers, the losses are all too obvious. Lord Thomson of Fleet, chairman of the International Thomson Organisation, told TNL shareholders last month that in the aftermath of its 11-month suspension, it would make a substantial loss in 1980, though considerably less than the £39m lost last year.

More serious, he said, was the refusal of the NGA to honour an agreement made last June to hold talks on new technology. New technology hardware, bought for £3m three years ago, was still 'under wraps.' Sir Denis Hamilton, editor-in-chief of TNL and chairman of the new holding company, Times Newspapers Holdings, formed in the restructuring of the organisation announced in June, says that TNL is very "product minded," and determined that the thrust of long-term strategy will be editorially-based. TNL circulations have been high since its return.

"Undoubtedly there is a serious crisis in Fleet Street," says Sir Denis. "We simply do not work together. The burden on top management is appalling. We must apply a tourniquet."

Fleet Street's view is that The Observer drama has been over-scripted

Express Newspapers, owner of the Daily and Sunday Express—the latter makes very steady profits—the still-struggling Daily Star and the London Evening Standard, is thought to be haemorrhaging and last November abandoned plans for computer typesetting or photocomposition.

"The year started very well," says its chairman, the recently ennobled Victor Matthews, "but the market has deteriorated very badly in the past two months. We walk a tightrope. Fleet Street is still in the throes of the Times settlement. Giving money away doesn't help."

Good profits have been made, both at the bottom of the market and at the top, which is nothing if not a marketing truism. Mr. Rupert Murdoch's News International, publisher of the News of the World and Sun, made a pre-tax profit last year of £27.9m, of which the Sun and NoW contributed nearly £18. But progress has slowed. The group is to spend £40m on new plant in London's dockland, but the News of the World is proving a worry and the once-mighty Sun has probably peaked. Mr. Murdoch is still keen to launch a Sunday Sun, but not in the present climate.

Reed International, the parent of Mirror Group Newspapers (MGN), said in its report last week that advertising revenue in the year to March 31, aided by the ITV strike, had been £10m higher than the previous year, and that 170 pages a week of the Daily and Sunday Mirror were now set by photo-composition. Circulations have held up well to price increases. But April and May were bad; MGN's lost advertising and cover price revenue in those months alone was £2.7m.

Associated Newspapers Group, publisher of the Daily Mail and London Evening News, had a good 18 months to last September 30, when the pre-tax profits of its newspapers (national and provincial) were £18.7m. But in the 12 months to March, 1980, the circulation of the News slumped by 18.7 per cent, against a tiny percentage gain by its rival, the Evening Standard.

The Financial Times last year enjoyed its best trading year ever. Paid-for advertising rose to 39,427 columns, and profits of the newspaper were £3.4m. But 1980, the company warns, will probably yield a "very much reduced profit, with advertisement volume some 10 per cent lower than in 1979." It has invested heavily in its Frankfurt printing operation (copies printed in Frankfurt are distributed throughout much of Europe, and to the U.S.).

The Telegraph group seems even less inclined than usual to discuss its affairs. "You'd be wasting your time," says its deputy managing director, Mr. John Evans. "Our advertising situation? The signs of recession are abundantly clear."

The length or depth of the looming recession in advertising is difficult to gauge. Total media advertising in Britain last year totalled £2.1bn. The biggest medium of all was the regional Press, attracting £593m in revenue, or 28 per cent of the total—ahead of television (£471m), which lost substantially by its strike, and the national Press (£347m).

Total advertising in national daily newspapers rose by 23 per cent last year, reflecting increased display expenditure derived from ITV; expenditure in the national Sundays improved by only 7 per cent, because of the absence of the Sunday Times.

But the boom of the past three years has petered out. Classified advertising volume has fallen substantially, and as the recession worsens, effects will be felt in most other categories. Retail advertising may hold up, which will aid the tabloids, but the impact will be more or less severe in categories as diverse as food, household and leisure, auto, industrial, Government and financial. The depression is expected to last at least 18 months.

Over and above it looms the threat to Fleet Street of emergent rivals to newspapers. It is easy to exaggerate the speed with which the new electronic media will pose their threat, but difficult to over-estimate their ultimate importance (it was once assumed that the only commercial application of radio broadcasting would be to allow people in groups, to listen to sermons).

The more immediate developments are likely to include fourth-channel, breakfast and cable TV. They will be followed by video-discs, video-tapes and European satellite TV. Most, if not all, will carry advertisements.

Last September, at the J. Walter Thompson agency in New York, I was conducted on a brief tour of the video future. "It is remarkably inefficient to print a page of paper," I was told. "Magazines and newspapers will be ready straight off the screen. At present there is too much media; we're not sure of value received. In the video future we will discover once again that supply and demand really do work.

The advertising boom of the past three years has petered out

"Vastly more efficient media will produce lower advertising costs. We will be buying highly specialised audiences using highly specialised ads in highly fractionalised media."

There is usually as much hot air talked in advertising agencies as in newspaper offices. But not this time. In the U.S., the Wall Street Journal already beams editorial by satellite to seven of its 12 U.S. regional printing plants. In September, the International Herald Tribune is due to start satellite transmissions to Hong Kong. This month, the Columbus Dispatch in Ohio claimed a breakthrough as the world's first electronic newspaper by making its entire editorial content available to 3,000 computer terminals across the U.S.

Within the foreseeable future, the national Press in Britain will find its costs, its work practices, its parochialism and its cynicism assaulted as never before by the growing pace of the electronic revolution. That is a desperately short time scale in which to put its house in order.

MEN AND MATTERS

Still sulking in Strasbourg

I detect widening cracks in Conservative Party solidarity among the 60-strong Tory group in the European Parliament. The Euro-Tories are still worried that despite pep talks from Mrs. T. and Lord Carrington, they are being indulged rather than taken seriously by Central Office.

"We have developed different perspectives on Europe," says one disgruntled member. "We want to discuss defence. They don't consider it a Common Market matter. We are keen to develop 'own resources' financing. They want to see national governments keeping firm control of the purse strings. We are ready to think about proportional representation. They are not."

But what angers the Strasbourg group most of all is the continued refusal of Westminster colleagues to support their demand for guaranteed access to House of Commons facilities. "The 'Toytown' jibe they hurl at us really hurts, and what makes it worse is that those who insult us are mostly just Westminster lobby fodder themselves."

Tory MPs consider they are doing a good job in Europe and should be given consideration. And there is a general feeling that the lack of co-ordination between group policy in Strasbourg and Government policy in Brussels is only widening the gap. "It's a bit much seeing something you support being voted down by a minister from your own party," says one enormously anonymous member.

Dawn romps

I must mend my ways if I am to remain in good odour with my friends at the Stock Exchange. I learned yesterday that the colourful colloquialism "dawn raids" has been officially stricken from the SE vocabulary. Now, when Rowe and Pitman and other specialists stand in the market for a matter of minutes buying up large tracts of shares, I must learn to call such deals "open market purchases."

The new term was not agreed easily, however. At one stage the Exchange powers that conducted the inquiry into the dawn—sorry—open market purchases of Consolidated Goldfields shares, toyed with the idea of dubbing such raids—sorry again—rapid open market purchases. But only until a doodler uncovered the unfortunate acronymic consequence.

Secret formula

A top New York bank (and I shall spare it the embarrassment of naming it), seems to have found the ultimate way of bridging a country's trade gap. In its latest forecast on the outlook for U.S. foreign trade it predicts "a surplus trade deficit." Perhaps Mrs. Thatcher could apply similar verbal chemistry to the PSBR.

Judgment day

On the principle that a picture is worth a thousand words, I felt this draft of the European Court of Justice's new coat of arms (by man-of-the-arts Ken Mahood, after sketches retrieved from the dustbin at the College of Heralds) should stand on its own. But here are the details for those on whom the heraldic nuance may be lost.

Arms: Johnnie Walker gules attached by a chain to a sphere, bars parallel.

Cres: Issuant into a sea wavy a foundered trawler.

Supporters: dexter, a haddock pleurant argent; sinister, a sacrificial lamb proper.

Mersey mission

Whenever there is any national industrial upset, Merseyside's marketing manager Jack Stopworth tells me, reporters from all over the country prime their imaginations and rush to Liverpool in search of "colour." These day-trippers, he complains, arrive with preconceived notions and many seem more concerned with weary clichés and alliteration than with facts. The militant Merseysider, he insists, is a creature of the past. And smog no longer encircles the city's spires.

But still the fantasies persist, and Stopworth's mission as marketing manager to the county council's economic development committee, is to dispel the image which is damaging the area's efforts to attract new investment. To set things to rights he has asked for £57,000 of council funds for a publicity campaign "to generate a powerful sense of community identity, pride and a sense of belonging."

Whereas in the past young citizens may have whistled Beatles' songs to keep up their spirits, in future, if the campaign works they will be exchanging tit-bits of civic pride, nattily dressed in "Merseypride" tee-shirts. Conversation-starters on Stopworth's list include claims that 98 per cent of Merseyside factories have a strike-free record. Of the UK's top 20 companies, 14 are in the area, and there are 40 U.S. firms employing 15 per cent of the workforce.

While quick to admit that the area has severe problems—unemployment is double the national average—Stopworth claims that of the 25,000 jobs lost to the area in the last 18 months, nearly every redundancy can be traced to marketing, not labour problems.

Such is the council's sense of "Merseypride" that it is now going across the Atlantic to talk to potential U.S. investors. The region has a full-time business agent in Chicago, selling the notion of re-location to the Liverpool area. "One of two companies have expressed serious interest in the idea," says Stopworth, who has just returned from addressing the powerful Mid-America Committee.

While boldly pioneering the idea of foreign agents however, Merseyside also seems to have a keen sense of reality. The agent is paid a salary—no commission—and has an initial contract of only one year "to see how it works out."

No trouble

Morgan Crucible was clearly allowing no chance at its annual meeting yesterday of any repeat performance of last year's to-do when several noisy members of the Battersea Redevelopment Action Group (BRAG) were forcibly ejected. The ejectees objected to the company's plans to redevelop an 11-acre Thames-side site.

This year not only did Morgan Crucible obtain an injunction to exclude four leading BRAG supporters, notorious as the "Café Royal Four," but it also employed a bevy of security men to keep an eye on the packed assembly which went about its business in most orderly fashion.

Observer

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The Tories are too popular

THE GOVERNMENT ought by now to be seriously worried by the opinion polls: it is far too popular for comfort.

According to the MORI poll in the London Evening Standard last week, the Government is now trailing the Labour opposition by only two percentage points while, for the first time, Mrs. Thatcher is regarded as a better Prime Minister than Mr. Callaghan. In March the Labour lead was eight points and in April it was five points. There is something distinctly odd about a government claiming to be taking harsh, unpopular measures only to find its own rating among the public steadily rising.

There are several possible explanations. The first is that, such is the national mood, harsh measures are welcome—almost the harsher the better. It would be an acceptable explanation, however, only if there were evidence that the

The majority of the people are not suffering

measures are hurting the general electorate. In fact, this is not the case. At least until recently, the evidence is that the rise in earnings has been keeping up with the rise in prices. That means that the bulk of the people are no worse off. Politically they are able to preserve the illusion of harsh measures under a tough new leadership, but in practice little has changed. The majority of the people are not suffering.

It seems more likely indeed that it is the very rise in earnings—which the Government is seeking to contain—that is at least partly responsible for its relatively strong showing in the polls. Paradoxically, the Government is popular not because it is succeeding but because it has been failing in one of its main tasks.

There are other more conventional explanations. The antics of the Labour Party is clearly one of them. For more than a month now rarely a day has passed without a new quarrel breaking out in the party, the shambles over the publication (or non-publication?) of the manifesto this week being merely the latest example. Labour also appears to be concentrating on issues such as nuclear disarmament which strike no chord among the general public. It is not surprising that this should show up in the polls and that even the popularity of Mr. Callaghan should be slipping.

There is one further explanation that is more positive from the Government's point of view. The Conservative victory last year did seem to stem from a general swing of opinion over the years away from the policies of interventionism and collectivism. The Tories could fairly claim to have won the intellectual argument: the Labour Party, for instance, was no longer the natural party of intellectuals, let alone of government.

If that is the case, it will take some time before opinion moves back towards a new set of ideas. These changes take place over decades rather than years. But they do not preclude volatile swings, if an election is badly timed.

It is also notable that no new set of ideas is being presented. The only ideas coming from the Labour Party are coming from the Left. They are a re-affirmation of policies that have been tried and rejected in the past rather than anything new. The Government need have no fears on that score.

Mrs. Shirley Williams pictured shortly after learning she had lost her seat in Parliament in May, 1979.

There have been few signs of a Liberal revival, which is a fact worth noting after the Tories have been in office for nearly 15 months. It suggests that the electorate is not yet looking for somewhere else to turn. Equally, Mr. Roy Jenkins's call for a radical party of the centre has met a remarkably muted response: to judge by, for example, the silence in the letters page of The Times.

In the past, one would have expected columns of support from middle class professional people claiming to be fed up with adversary politics. Instead, Mr. Jenkins's appeal has turned out to be another case of the *dog that didn't bark in the night*. It was the quiet rather than the noise that was significant.

Why then should the Government be worried about the polls? The answer is that it has not become unpopular enough early enough. In terms of political time, the first year or so has been very largely wasted. One forgets whether this is the fourth or the fifth occasion when the Cabinet has been struggling to bring public expenditure under control. What one remembers is that it has not yet succeeded.

Again, the Government appears only now to be determined to take a grip on public sector pay. In the private sector, it has been obliged to rely on the threat of yet more unemployment as the main weapon to produce wage restraint. Not least, it now looks as if there will be considerable party pressure to do more about curbing trade union power once the present Employment Bill has become law.

One could add all sorts of other decisions which, in effect, have been only postponed: the future of British Leyland, for example, or the British Steel Corporation, or (though it matters less in terms of employment and expenditure) Inmos.

The impression is that here is a radical government ruthlessly applying a new broom. Certainly that is what Mrs. Thatcher and her economic Ministers would like everyone to believe. It is also the impression fostered by the Labour Party and the trades unions. But the reality is that life goes on pretty much as before, though it may now be tempered by recession.

The political reality, if the Government sticks to its guns, is that it is likely to become exceedingly unpopular by the *time it is well into its second* year in office. Unemployment will still be rising while living standards will be falling and the effects of the cuts in public expenditure (in health, housing and education) will be being felt throughout the country.

It is true that the rate of inflation may well be coming down, but it will still be high. (There appears to be a political axiom in both major parties at present that if inflation is just under 10 per cent, a government can be re-elected. If it is just over, it will fail. It is not a particularly encouraging target.)

There are two related questions. If the above outline is correct, can the Government recover in time to win an election? And can the Opposition get itself into any sort of shape to defeat it? The questions are related because the presentation of appealing alternative policies to those of the Government depends on it first being shown that the Government's policies have failed. At the moment, it is much too early to pass judgment.

That means that the Opposition still has time to sort itself out. If the Labour Party conference in October passes without a major victory for the Left and Mr. Denis Healey is duly elected leader by the Parliamentary Party in November, the opportunity is certainly there. Mr. Healey is currently wooing Mrs. Shirley Williams to be his principal lieutenant, and the idea of a Healey-Williams ticket has its attractions. Under their leadership, the Labour Party would be pragmatic, non-Marxist, committed to the mixed economy, the Atlantic Alliance and the European Community — just like the Social Democrats in West Germany. The arguments *would be about degree, not* principle.

But there are snags. Mr. Healey has not yet been elected. Support for him would appear to have slightly fallen away in the last few weeks. Mrs. Williams has not yet committed herself. Besides, she is not in Parliament, having lost her seat in the last election. Her position is that she will await the outcome of the October conference before making a decision—whether to seek to return to the House of Commons or to abandon it for

The Opposition still has time to sort itself out

good. She does not particularly like Parliamentary life.

Even if she were to seek to return, it would not necessarily be easy. She would need a safe seat, not one that might just be won by her personal appeal during a time of exceptional anti-Tory swing, nor one that might be destroyed as a result of boundary changes. She would also need the support of the constituency selection committee. These things cannot be easily engineered.

There is another possibility, even assuming that those difficulties could be overcome. Mrs. Williams could return to the House, but not to support the Labour Party as we have known it. The idea of an independent Parliamentary Labour Party, should the October conference go wrong, seems to be gaining ground. Certainly the triumvirate of Mrs. Williams, Mr. William Rodgers and Dr. David Owen is playing with it, though they cannot be precise at this stage *because of the imponderables.*

The idea owes something to Mr. Jenkins, but not all that much. What the triumvirate is saying is that there might be a case for a political realignment, but not under his leadership and not necessarily by breaking away from the Parliamentary Labour Party. Mr. Jenkins would be welcome to come along, though it would help if he, too, could be re-elected. That is the message that is being sent to Mr. Jenkins in Brussels.

One senses that Mr. Healey's antennae are not all that finely tuned to what is going on. He believes that he will get the leadership in November. Presumably he has a tacit understanding with Mr. Callaghan that the latter is going. That, indeed, is the only rational explanation to make sense of Mr. Healey's recent behaviour. He thinks that he will then be able to unite the party. But he may be underestimating the fissiparous tendencies. He ought to talk more to the people whose support he will need. He could do with a few quiet words with the triumvirate. Mrs. Williams, for instance, is not entirely sure how closely she is being wooed, nor to what end.

The prize is that there should be a magnificent opportunity for an opposition party at a time when the Tories are going through a period of great unpopularity. But there is no certainty that the opportunity will be taken. In the meantime, the Tories are thriving more by good luck than good management. Under the surface, British politics are much more fluid than they look.

Malcolm Rutherford

Letters to the Editor

Added value benefits

From Mr. G. Smith

Sir,—The Financial Times 1980 world survey of company accounts which shows that 17 per cent of the companies are now using added value statements as part of their reporting system. In the recommendations it suggests that added value statements should be part of a company's report. This would probably be a significant step to help companies ensure that their businesses would be financially stable and so contribute to financial stability and employment and economic stability at a national level.

By linking added value statements to balance sheet factors the economic balance of any business can be established and regularly checked. If companies use this planning approach they would ensure their long term financial stability and highlight to their managers the critical nature of the ratio £'s added value/£'s of pay and its tight link to profitability and retained cash. Over the last six years at GKN this ratio fell by 7 per cent but profitability was reduced by 60 per cent. At Whitbreads it improved by 7 per cent and profitability increased by 100 per cent.

Obviously managers have to pay detailed attention to the many factors affecting business performance and financial balance. An examination of the 1979 accounts of several companies shows why they are now in difficulty. Several of them use a large proportion, in some cases 100 per cent of the increase in added value to make pay increases to employees. Now with increased competition preventing price increases and no hope of economic growth to recover these increases they are shedding labour. This leads to the irony of paying an asset—employees—to go away through redundancy payments which affect profits and the national economy.

Surely the logical approach would be to enter into a commitment to use added value linked to sources and application of funds statements and balance sheets to establish the economic balance for a business. This commitment to reality would then probably be a major step in improving financial performance and employee pay, job and investment security together with employee relations and management skills.

G. Smith.
Halford House,
Copse Hill Road,
Lower Slaughter,
Nr. Cheltenham, Glos.

Complete the double entry

From the Financial Director Richard Clay and Company

Sir,—I have had for some time a pricking of the thumbs over the adequacy of expressing historically valued assets in current cost terms only.

It seems to me *that* until the stage is reached when complete industrial plants are run by one or two men we must consider total productive capacity, made up of both men and machines, when considering the current cost of replacement of services for current cost accounting purposes.

Professor Edey's example [illegible] supposes that "the . . . an old textile machine is equal to the cash out flow needed to operate and service the capital cost of the new machinery that would produce a similar output." In that circumstance he says, that by definition, the CCA value of the old machine is zero.

I would like to suggest that having arrived at this *conclusion concerning* the machinery currently employed we should then report on the workforce currently employed. In the example quoted above there may well be a concomitant technical redundancy.

The most common result of expressing the historical cost of plant in terms of the current cost of replacing its services is for the CCA value to exceed its historical cost, and indeed this result seems to be guaranteed for all companies that use cost indices for conversion, but no account is taken of what in many instances must be the resultant reduction in labour cost.

In order to try to avoid a semantical argument over the difference between output and services may I say that there is no output without input and the labour force with which I am concerned is the only force that can breathe life into capital's input in order to produce output.

I repeat therefore that in order to present a balanced picture, or dare I say complete the double entry, current cost accounts should provide by way of a note that *although* historical profits have been reduced by the CC depreciation charge, if the "new" plant was to be acquired there would be a resulting reduction in labour costs.

J. W. L. Nichols
Bungay, Suffolk.

Changing jobs

From Mr. H. Verney

Sir,—There is an amendment tabled at the report stage of the Finance Bill to allow those changing jobs wherever they will be employed to transfer their occupational pension scheme transfer value to a self-employed scheme. Thus, many people who currently cannot take a transfer value because they have become self-employed, go to work abroad or even have become unemployed, will for the first time be able to benefit from this.

Additionally, people who change employers will not be dependent upon their new employer's scheme for what their transfer will produce, but will have effectively an open market option to get the best value for themselves.

There is a growing tide of opinion which feels that the failure to tackle the problem of pension scheme transfers in advance of the investigation being carried out by the Occupational Pensions Board is liable to lead to an immobility of labour, not to mention severe frustration on the part of many people. I believe that the root of the problem is that an employer cannot be expected to invest a former employee's contribution to best effect when he is no longer responsible for that person. The result is that the build-up of pension after a person has transferred employment is very slow and by comparison to the man who stays with the one employer all his [illegible] man who transfers jobs is very poor.

One way of remedying this situation at small expenditure to the Government would be to allow accumulated pensions contributions to be paid into a self-employed pension scheme under Section 226 of the 1970 Finance Act, which allows a more rapid and preferential accumulation of the contributions. The result could be that, if instead of $7\frac{1}{2}$ per cent being the rate of interest paid on contributions by a man who transfers his job at 45, there were to be a return of 12 per cent, then the pension at 65 would be the difference between £1,000 per annum and £2,270 per annum.

H. U. D. Verney.
Queens House,
55, Lincoln's Inn Fields, WC2.

Funding exports

From Mr. G. Squire.

Sir,—While agreeing with Mr. Edwards (July 7) that many exporters fail fully to understand the possible advantage of invoicing export sales in foreign currency, I suggest that his letter may add to their confusion.

Those who have studied foreign exchange know that the premium, obtainable on forward sales of foreign currency, comes about because of interest differences between the cost of borrowing the currencies concerned and *such premium, converted* to an annual rate, approximates to the interest differential.

In no way can the exporter (if he wishes to fund the export) obtain the benefit of borrowing currency at a lower interest rate and of a forward sale, as suggested by Mr. Edwards. There is only the choice of borrowing in sterling and reducing the effective rate of interest by selling forward the currency to be received in due course or of borrowing currency to be repaid fom the proceeds of his invoice.

Invoicing in foreign currency, like all export business, has its pitfalls and inexperienced exporters would do well to seek guidance concerning the advantages of forward sales and borrowing in currency.

George R. Squire,
Harscrosse,
48 Petworth Road,
Haslemere, Surrey.

British Telecom services

From Mr. M. Elwes.

Sir,—The news (July 8) that British Telecom is to recruit more staff in an attempt to upgrade the service in the City is welcome. This however, will not, in itself, solve the problems of telecommunications users.

Staff at all levels within British Telecom are helpful at solving problems, and a very considerable part of this association's work consists simply in finding the right person to deal with a particular query. But, it does appear that British Telecom suffers from two underlying defects which manifest themselves in the day to day lapses of service which affect commercial and household users alike. There has been a record of underinvestment—a point already extensively covered in your columns. It appears that the objectives of British Telecom are too diffuse. This results in resources being spread too thinly, and in failure [illegible]

What users require from British Telecom is a good basic network, but, instead of concentrating on this its policy appears to be to diversify into a wide range of equipment and services which are often already available, or could easily become available from outside suppliers. It is noticeable that much of Post Office diversification has not been particularly successful, to give a few examples: its data modems are cumbersome, outdated, and in short supply; development of its PABXs (Monarch and Herald) has been delayed; would-be users of car-phone services experience delays; and the marketing of Mickey Mouse 'phones merely serves to irritate those waiting for the connection of basic handsets. Moreover, the non-network services are not even profitable: in 1978/1979 a loss of £30m was made on apparatus while the use of the network made a profit of approximately £600m.

What is needed is for British Telecom to recognise that users do not want to see it spreading resources over peripheral services and attachments, rather they want to see it concentrating resources on bringing the network and the supply of basic services and equipment up to the best modern standards.

Mark Elwes.
Telecommunications Users' Association,
Tress House,
3-7 Stamford Street, SE1.

Pensioners penalised

From Mr. R. Nye

Sir,—I was interested to read the letter (July 8) from the secretary general of the Council of Post Office Unions. Might I suggest that Mr. Carter could well cast his searchlight on the even more iniquitous form of Government theft euphemistically referred to as "the earnings rule."

For the benefit of the uninitiated, the application of this rule means that at 65 one starts to be deprived of the pension to which both employee and employer have subscribed, the moment one earns more than £52 per week.

Admittedly one can elect to defer drawing one's pension but in practice this appears to be a very poor bargain, particularly as it requires one's wife to agree not to take her proportion of pension at the same time.

Successive governments have promised to alleviate the situation and further progress could well be made now, either by raising the limits at which the reduction or disappearance of pension applies, or alternatively by bringing forward from age 70 the time at which one's earnings are not restricted.

It is surely agreed that pensioners should not be singled out from other sections of the community—they are already making their contribution at the present time in that this year the rise in pension rates in November, to allow for inflation, has been postponed for two weeks, representing a very considerable saving in government expenditure, in spite of the fact of course that once again the payments have been allowed for in increases in national insurance charges.

R. H. Nye.
The Cottage,
[illegible]end, Cuckfield,

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher inaugurates the Attlee Memorial Foundation Adventure Playground, Flower and Dean Street, E1, and visits Toybee Hall.

Sir Keith Joseph, Industry Secretary, visits Plessey factory, South Shields.

Mr. Mark Carlisle, Education Secretary, addresses Council of Local Education Authorities' conference, Solihull.

The Queen and the Duke of Edinburgh attend commissioning of the anti-submarine carrier HMS Invincible, Portsmouth.

National Union of Mineworkers' annual conference concludes, Eastbourne.

Christies auctions Rubens' painting Samson and Delilah.

Mrs. Ann Taylor, Opposition speaker on education, addresses Co-operative Union conference, Loughborough.

Taste of Asia exhibition opens, Olympia (until July 20).

Overseas: Sr. Francisco Sa Carneiro, Prime Minister of Portugal, meets President Valery Giscard d'Estaing in Paris to discuss Common Market entry.

Last day of European Parliament session, Strasbourg.

Final day of President Valery Giscard d'Estaing of France visit to West Germany.

PARLIAMENTARY BUSINESS

House of Commons: Debate on information technology.

House of Lords: Debate on Ulster White Paper.

OFFICIAL STATISTICS

Building societies' monthly figures for June.

COMPANY MEETINGS

Associated British Foods, Connaught Rooms, Great Queen Street, EC, 11. Dhamal, 17, Melville Street, Edinburgh, 11. Property and Revisionary Investment Corporation, Albany House, Petty France, SW, 12. Thomas Warrington, Grosvenor Hotel, Eastgate Street, Chester, 11.

COMPANY RESULTS

Final dividends: British Building and Engineering Appliances. Thorn EMI.

LUNCHTIME MUSIC, London

Organ recital by Malcolm Archer, St. Paul's Cathedral, 12.30 pm.

Festival of the Splendour of Italian Baroque, the Antica Ensemble, St. Martins-within-Ludgate, 1.15 pm.

Imps holds £68m but sees lower outcome

A WARNING that full-year taxable profits of Imperial Group are unlikely to reach the £136.65m achieved last time comes with the announcement of a marginally higher midterm surplus.

Trading profits showed a 6.7 per cent increase to £73.5m (£68.9m) in the six months to April 30, 1980, but interest charges some 22 per cent higher at £4.4m meant that the pre-tax surplus was just £0.5m ahead at £68.5m.

Sales rose from £1.76bn to £1.88bn.

The interim dividend is held at 2.75p net—last year's final was 4.5p.

Mr. M. A. Anson, chairman, says the modest improvement in trading surplus for the first quarter was sustained through the second three months largely because of an excellent performance by the tobacco division—which turned in profits almost £10m higher at £49.6m for the half-year—and a higher surplus of £18.6m (£15.7m) from the brewery side.

The sale in November to BAT Industries of the group's 50 per cent stake in Mardon Packaging International was reflected in the reduced share of associates' profits at £2m (£6.9m). But this was compensated for by a £5.2m increase to £17.3m in investment income largely attributable to the interest received on the BAT variable rate loan notes obtained as consideration for the disposal.

On the rest of the period, Mr. Anson says that, with the deepening recession, 1980 will be a disappointing year for the UK economy and, therefore, for the group.

Increasingly tighter margins and an overall reduction in consumer demand will make last year's trading surplus very difficult to match, and the higher cost of money is imposing much greater interest charges.

"It is this worsening outlook which has obliged us to revise our expectations of UK taxable profits and therefore to write off a proportion of advanced corporation tax," he adds.

The group now has a major presence in the U.S., he continues, and while it is too early to make definitive statements, the directors are optimistic about Howard Johnson's performance.

"Taking all factors into account, however, group profit before tax is not expected to reach last year's level," he stated.

Tax for the half-year was substantially higher at £30.5m (£7.1m) and included a £10.3m provision for ACT payments not now expected to be recoverable. The heavier charge meant that stated earnings per share were down from 8.6p to 5.3p.

Extraordinary credits amounted to £31.4m (£119.5m), of which £26.4m related to profit on disposal of Mardon Packaging.

On a CCA basis, pre-tax profits would have been reduced by £32m (£25m).

In his divisional review, the chairman says the tobacco side's improvement in profitability was even better than that recorded in the first half of last year, helped by heavy pre-Budget buying. The paper, board and plastics division experienced mixed fortunes which left it with a negligible trading surplus.

Results from the food division were markedly lower at £5.4m (£12.8m). It suffered from greatly reduced demand, especially in the catering market, and various rationalisation steps have had to be taken.

The brewery division saw improvements in its pubs and off-licences as well as in the free trade.

	Half-year 1979-80 £m	1978-79 £m
Sales	1,876.5	1,760.9
Tobacco	1,020.8	995.2
Paper, board, plastics	45.1	41.2
Food	569.4	513.9
Brewery	258.1	227.1
Currency changes	3.2	4.6
Sales within group	13.7	11.9
Trading surplus	73.5	58.9
Interest	24.3	19.9
Investment income	17.3	12.1
Associates*	2.0	6.9
Profit before taxation	68.5	68.0
Tax	30.5	7.1
Net profit	38.0	60.9
Minorities	0.1	0.2
Extraordinary credits	31.4	119.5
Attributable	69.3	180.2

*Includes £1.55m (£5.69m) for Mardon Packaging up to disposal on November 8, 1979.

Lex, Back Page

HIGHLIGHTS

The Stock Exchange has published its report on the controversial share dealings which resulted in **De Beers** acquiring a 25 per cent stake in **Consolidated Gold Fields** last winter and the Lex column discusses the various issues which arise from this affair. Elsewhere **Imperial Group** has produced disappointing interim figures due to a poor performance from food manufacturing and warns that profits will be down for the year. Finally Lex considers the half time results from Sotheby where profits are higher although there is evidence of margin pressures and the directors are indicating that the full year will not produce higher profits. The shares fell back 45p to 500p in the market. In the inside pages Singapore based **Times Publishing** has launched an agreed bid for **Marshall Cavendish**, having picked up a 27 per cent stake in a "dawn raid" last month.

Sotheby Parke expects 'no increase' for year

EARNINGS, before tax, of **Sotheby Parke Bernet Group**, fine art auctioneer, improved from £4.32m to £4.8m for the six months ended February 29, 1980. Net auction sales amounted to £114.7m against £91.32m, and gross revenue was £24.3m, compared with £18.86m.

Sales for the year will show a significant increase, the directors say, particularly in the U.S., "but this will not be reflected in earnings and no increase is expected for the full year"—profit for 1978-79 was £8.23m.

They state that fluctuations in exchange rates have a direct effect on results, especially in view of the larger proportion of sales overseas, and that inflationary pressures on costs, together with the company's major capital expenditure programme, have affected earnings. They add that these will continue to affect earnings next year.

First-half tax took £1.97m (£2.21m) and after preference dividends of £129,000, the amount available was £2.7m against £1.98m.

Earnings per 25p share are shown as 24.1p (18.1p) and the interim dividend is unchanged at 3.5p net costing £391,837 (£391,811)—last year's final payment was 8p.

First auction sales in the new rooms in Chester will take place next week and in the Aeolian Hall in the spring of 1981, the directors state. Sales in the new premises in New York will start early next season; the option to purchase the freehold of this building has been extended to December 31, 1980.

Lex, Back Page

Oil and Assoc. Tst. advances

TAXABLE revenue of **Oil and Associated Investment Trust** advanced from £350,260 to £664,050 in the year ended March 31, 1980.

A final dividend of 1.1875p lifts the year's total from 2.42375p to 4.5325p, including two special payments of 0.8225p each.

Earnings, after tax of £203,800 (£117,325) are shown up from 2.42p to 4.77p basic, and from 2.38p to 4.65p diluted. Net asset value is ahead at 94p (84p).

A. Russell climbs to £977,000

On turnover up from £13.19m to £17.12m, taxable profits of **Alexander Russell** in the 12 months to the end of March, 1980, rose by £165,000 to £977,000.

At midyear there was a surplus of £591,100 (£524,041) and prospects of the group, the main interests of which include the distribution of fuel and building supplies, quarrying, quarry management and coal recovery, were good for the remainder of the year.

After tax of £242,000 against £150,000, earnings per 10p share are shown as 13.1p (12.3p).

A final dividend of 1.25p makes a net total for the year of 2p, compared with an equivalent of 1.6p after allowing for a three-for-two scrip issue.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Braithwaite and Co.	4	Oct. 1	2.66	7	4.87
Daejan Holdings	2.28	Sept 4	2.08	3.5	3.25
Gen. Funds Inv. Tst. int.	2.5	Sept. 29	2.3	—	6.9
Philip Harris (Hldgs.)	4.05	—	3.55	5.5	5
Howden Group	2.27	—	1.8*	3.6	3.13*
Imperial Group int.	2.75	Nov. 1	2.75	—	7.25
Kinta Kellas	3.5	Sept. 12	3.5	5	4.5
Mitchell Somers	1.75	Oct. 1	1.6	3.5	3.35
Oil and Assocd. Tst.	2.19	—	1.84	4.53‡	2.42
Ratners	1.63	Oct. 6	1.28*	2.3	1.84*
Alexander Russell	1.25	Sept. 5	0.92*	2	1.6*
Sotheby Parke int.	3.5	Aug. 29	3.5	—	11.5
Tribune Inv. int.	0.8	Aug. 22	0.65	—	2.33§
United Gas Inds.	3.5	Oct. 1	3.39	4.9	4.5
Watson and Philip int.	1	Aug. 25	1	—	3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including two special dividends of 0.8225p each. § Including special dividends of 0.28p.

UGI suffers slight setback

A FALL from £2.52m to £2.34m in pre-tax profits is reported by **United Gas Industries** for the year to March 30, 1980, despite the change in the accounting date of overseas subsidiaries which includes an additional three months from those companies.

The pre-tax profits benefited by approximately £88,000 as a result of this change, but against this there was a loss on exchange arising from the conversion of reserves and profits of those subsidiaries amounting to £150,000 (gain £55,000).

Group sales for the year improved from £45.45m to £49.73m.

After tax up from £637,000 to £734,000 and an extraordinary credit of £251,000 (£388,000 debit), stated earnings per 25p share are down from 15.2p to 12.3p, and the final dividend is raised from 3.395p to 3.5p for a total of 4.9p (4.5p).

Measurement and control activities in Cornwall were the major contributors to the group's higher profits. The loss-making subsidiary at Camborne has been closed, and the subsidiaries operating at St. Austell made a significant contribution for the first time in the history of that site.

The board says the market for domestic heating appliances became increasingly difficult towards the end of the year and profit on this activity fell to £331,000 (£1.11m).

A breakdown of the group's principal activities shows sales and profits as (£000s omitted): measurement and control equipment, £22,990 (£19,702) and £1,837 (£1,067); domestic appliances, £16,568 (£15,186) and £331,000 (£1,114); Bellows and other activities, £10,175 (£9,566) and £491,000 (£733,000).

Value of goods exported from the UK was £5m compared with £4.4m in the previous year.

A revaluation of properties on an existing use basis in March showed a surplus of £1.19m, which has been added to reserves.

● **comment**

A lack of advertising for gas heaters, fire damage at a key supplier factory and a warm winter in Britain resulted in virtually nil second-half profits in UGI's important appliance division. On a full year basis, this business suffered a 70 per cent drop in earnings. Conversely the thermostat side of UGI produced a 72 per cent jump in profits resulting from a lengthy programme of rationalisation. The picture was rounded off by a sizeable decline in earnings from the bellows division, largely because of a costly reorganisation in France. All in all, it is a disappointing showing from UGI and the market dropped the shares 7p to 68p yesterday. At this level, the yield of 10.9 per cent is reasonable enough; the shares are now trading on a fully taxed multiple of nearly 8. UGI has traditionally had a respectable share of the UK gas heater market and the resumption of advertising a few weeks ago should have an impact by the second-half of the current year. On this basis there is every reason to expect some profits growth at year end.

Howden Group over £7.5m after solid second half progress

AN ADVANCE of £702,504 to £4.49m in the second half pushed up pre-tax profits of **Howden Group** to £7.51m in the full year to April 30, 1980. This was an increase of £852,504 on the previous year's figure. Turnover showed an improvement at £101.95m compared with £84.65m.

The board of this engineer and air, gas and fluid handling equipment manufacturer, states that the order book remains at a high level and liquidity is satisfactory.

The pre-tax profits were struck after interest paid of £977,439 against £176,930 received last time. Tax took £2.72m (£2.51m) and there was an extraordinary debit of £453,818 (£242,853), leaving attributable profits up from £3.7m to £4.3m.

Stated earnings per 25p stock unit are 16.6p (15.1p), and the final dividend is effectively raised from 1.8p to 2.27p for a total of 3.6p (adjusetd 3.13p).

Cash and term deposits at the year-end amounted to £6.15m (£8.73m), and short-term borrowings, including bank overdrafts, were £10.99m (£8.78m). These figures are after taking account of some £6.3m capital investment made by the group.

Mr. Norman Elliott, the chairman, commenting on the year's figures, says James Howden and Company had a satisfactory year with profits in line with budget. Various contracts are nearing completion, and overseas orders received include fans and preheaters for the extension to Castle Peak power station, Hong Kong, and preheaters for Salmissarri and Vaskeluoto, Finland.

Airscrew Howden made a useful contribution to group profits despite the cancellation of substantial orders for Iran. Carter Howden had a difficult year owing to the continuing low activity in the UK medium fan market, and Andrew Fraser had a poor year, reflecting the difficult conditions in the hydraulic equipment field.

Most other subsidiaries made useful contributions to profits, says the chairman, and he makes special mention of Howden Group which completed its first year of operations in the group at a reasonable profit.

Since the year-end, the assets and business of Quabbin Industries Inc., has been acquired. This company's activities in the manufacture and rebuild of feedwater heaters and high technology shell and tube heat exchangers, turbine components and contract machining, are being continued through a new subsidiary, Quabbing Howden Inc., Chicopee, Massachusetts.

● **comment**

Howden shares are up by over a third this year and pushed further on to new ground yesterday with a 4½p rise to 93p. The full fruits of overseas growth have undoubtedly been undermined by adverse currency influences, but the price may still have some way to travel before the mid-term strength of the group's worldwide energy conservation involvement is adequately reflected. The 31 per cent advance at the trading level is trimmed to 13 per cent growth pre-tax, but year end gearing is broadly unchanged and capital spending this year is likely to fall by some £2m. The short term order book has been maintained and, although Howden is temporarily eating into its longer workload, it is more a question of when rather than if the group can restore the position and signs the seven-year gas circulator contracts for the AGB nuclear power stations at Torness and Heysham B. The yield of 5.7 per cent on a well covered dividend may not offer very much but the fully taxed p/e of 7.2 is by no means over-estimating the benefits of a healthy balance sheet and strong demand.

Tribune Inv. earns and pays more midterm

PRE-TAX revenue of **Tribune Investment Trust** expanded from £581,571 to £753,918 for the six months ended June 30, 1980, and the interim dividend is lifted to 0.8p net against 0.65p—last year's total was 2.33p, including a special 0.28p paid from revenue of £1.27m.

Gross revenue for the first half amounted to £831,395, compared with £649,474, and after tax of £300,159 (£245,415) and exchange losses £4,726 (£2,968 gains), the available balance came through at £449,033 (£339,124).

The interim payment will absorb £205,000 against £166,563, leaving £244,033 (£172,561).

Earnings per 25p share are shown as 1.77p compared with 1.31p. Investments are valued at £26.43m (£21.67m) and net asset value per share is given as 109.5p (87.5p) as at June 30.

Mitchell Somers down £0.3m

A LITTLE changed second half left **Mitchell Somers**, engineer and forgemaster, showing taxable profit of £2.21m, against £2.51m, for the year to March 29, 1980. Turnover was £3.28m better at £29.41m.

Strikes in August and September hit midterm profit, which fell from £925,000 to £684,000, and their effects carried over into the second six months. Even so, in December, the directors were confident of a return to earlier levels of profitability.

With tax for the year taking £363,000 (£81,000) stated earnings per 10p share emerged lower at 11.8p against 15.5p. The net total dividend is being raised to 3.5p (3.35p) by a 1.75p final, and absorbs £550,000 (£526,000).

Asset value per share at year end was up at 84p (75p).

● **comment**

In true textbook fashion, Mitchell Somers spent heavily during the year before last on crankshaft machining capacity at a time of dull demand. The group was able to stage a useful second half recovery in the wake of the engineering strike last year but, unfortunately, business is slackening markedly. Stocks have been sharply reduced, and parts of the die-casting division are on short time and the capital spending programme now consists solely of running-off existing projects. Against £1.7m in 1979-80, expenditure will drop well below £1m this year. The industrial pattern is all too familiar and the new distributive subsidiaries are probably still too small to pull overall profits out of a downturn, or at best a plateau, this year. It is no surprise that the shares at 41p, up 2p yesterday, stand at a near 50 per cent discount to net worth. A fully taxed p/e of 5.7 and a yield of 12.7 are about what the prospects demand.

A receiver for Snappies

A reciever and manager has been appointed to **Empress Products** and its subsidiary **Snappies** a manufacturer of kitchen products such as freezer bags, bin liners, cling film covering, foil and greaseprof paper products.

The receiver, Mr. Michael Arnold of Arthur Young McClelland Moores and Co., said his appointment was necessitated by an acute cash-flow shortage which resulted from difficult trading conditons n the UK retal trade.

But he s coninuing to tarde and is hopeful that the business will be sold as a going concern to one of a number of parties who are expressing interest.

Morgan Crucible sales up

Morgan Crucible had estimated sales of £64.6m in the first six months of this year, Mr. Ian Weston Smith, chairman, told the annual meeting.

Excluding the acquisition of Franklin Corpn and DIA, sales amounted to £61.7m, compared with £54.9m during the first half of 1979.

The chairman said the Thermic division was still waiting for the UK steel industry to recover from its strike and added that some redundances were already necessary in this area.

Morgan is also making workers redundant at its Chadwell Heath plant, because the production of lighting carbons for the cinema industry is being stopped and the manufacture of larger carbon extrusions is being moved to Wales. Bettix, a Morgan subsidiary, is closing its Portsmouth factory and all production will be concentrated in the New Malden plant.

SHARE STAKES

B. Elliott and Co.—Mr. F. M. Russell has acquired 15,000 ordinary and Mr. M. J. Beer has acquired 10,000 ordinary. Both are directors and bought the shares under the company's share option scheme.

Harris Queensway Group—Mr. P. A. Davis, director, has acquired 18,000 shares. The wife of Mr. A. Behar, director, has sold 18,000 shares. Mr. I. A. Horwood, director, has sold 1,000 shares.

SPAIN

July 10	Price %	+ or −
Banco Bilbao	228	+2
Banco Central	250	
Banco Exterior	210	
Banco Hispano	227	+3
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	280	+3
Banco Urquijo	147	−4
Banco Vizcaya	235	+2
Banco Zaragoza	208	
Dragados	79	
Espanola Zinc	60	
Fesca	59.7	+0.5
Gal. Preciados	24	+0.8
Hidrola	64.7	+0.5
Iberduero	61.7	+0.2
Petroleos	112	+3
Petrolibor	85	−2
Sogefisa	107	
Telefonica	61	−1
Union Elect.	65	

Bond St. Fabrics fights

BOND STREET FABRICS, a Leicester-based knitted fabrics manufacturer, has written to shareholders urging them to reject proposals to be put by Grovebell and by Vandenwal Investments, at an EGM on July 22, for the appointment of five additional directors to the board.

Mr. Kenneth Mackenzie, chairman of Bond Street Fabrics, says that since the present board consists of four members "it is clear the two companies are seeking to obtain management control" of the company.

The two companies are seeking to appoint Mr. V. J. Advani (chairman and managing director of Grovebell), Mr. R. L. Hodgson, Mr. K. J. Gardner, Mr. M. D. Vanner and Mr. L. R. Peralta.

Mr. Mackenzie says his board believes that the appointees can contribute "nothing but friction to the future running of the company." He says that he has been informed that some of the company's senior executives would be unable to work under a board dominated by Mr. Advani and his associates.

Last March Mr. Advani accepted an invitation to join the Bond Street Board after Grovebell had acquired a substantial minority holding in the company. But he was removed from the Board in April.

In the letter the group claims support from its bankers, employees and major suppliers and customers in its effort to prevent the new Board appointments being made.

Mr. Mackenzie says that "notwithstanding the present difficult trading conditions but because of their confidence in myself and the business acumen of the present Board" the Bank of Scotland had granted overdraft facilities for working capital purposes of £1.25m.

But "considering the possibility that the present Board might lose management control of the company, the bank has as a precautionary measure, withdrawn the higher figure and restricted the facilities in the meantime to £250,000 . . . plus such temporary excesses as the present management can properly justify on a detailed current cash flow projection.

BANK RETURN

	Wednesday July 9 1980	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14 553 000	—
Public Deposits	30,213,662	− 5,026,682
Special Deposits	242,425,000	—
Bankers Deposits	472,080,863	− 196,935,354
Reserve & other Accounts	611,372,376	− 1,325,832
	1,370,644,901	− 203,287,868
ASSETS		
Government Securities	534,107,064	− 508,265,000
Advances & Other Accounts	328,610,306	+ 158,758,673
Premises Equipment & Other Secs.	479,689,896	+ 134,137,352
Notes	27,940,927	+ 12,098,151
Coin	296,708	− 17,244
	1,370,644,901	− 203,287,868
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,250,000,000	+ 75,000,000
In Circulation	10,222,059,073	+ 62,901,849
In Banking Department	27,940,927	+ 12,098,151
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,226,970,062	+ 41,469,735
Other Securities	2,012,014,838	+ 33,530,265
	10,250,000,000	+ 75,000,000

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Charter to invest more in mines and industry

BY KENNETH MARSTON, MINING EDITOR

IN ITS first annual report since last year's major restructuring Charter Consolidated outlines its new strategy. The UK finance group intends to develop on two fronts; the development of medium-scale mining projects in Europe and further afield and the continued diversification into industrial investment.

There are now four operating divisions each headed by an executive director: mining, industrial, finance and administration. Mr. Neil Clarke, the chief executive, says that those in charge of the divisions "will be expected to set and attain realistic profit targets for their areas of interest."

Having sold most of the holding in Harmony Gold, Charter has now parted with most of its South African mining investments. But the consequent fall in investment income is being countered by the group's share of the retained profits of associate companies which now include Johnson-Matthey.

Dr. Alfred Spinks, Charter's new chairman, expects that UK Government policies will lead to a better economic climate and that Charter is well placed to develop its mining and industrial interests. He adds, "we are actively seeking suitable opportunities to do this by expansion or acquisition."

Presumably this is a good time to go shopping—the share market appears to think that mining and construction engineers Burnett and Hallamshire are on Charter's list—and if the British Petroleum bid for Selection Trust goes through Charter will receive the equivalent of about £100m for its 25.7 per cent stake in ST.

Meanwhile, it is understood that large parcels of shares in Charter have been traded this week. In another very heavy turnover yesterday they reached a year's high of 234p before closing unchanged at 230p which compares with a net asset value at March 31 of 309p per share, or £324m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:— Schlesinger International Fund (Jersey).

Finals:—D. F. Bevan, Braham Millar, British Building and Engineering Appliances, Thorn EMI.

FUTURE DATES

Interims:—

Barrisfords	July 17
Lex Service	July 31
Meldrum Investment Trust	July 15
TACE	July 24

Finals:—

Black Arrow	July 18
Crossfriars Trust	July 16
Globe Investment Trust	July 15
Neepsend	July 22
RFD	July 25
Steinberg	July 23

ROUND-UP

Total proven and indicated ore reserves have been increased at the Australian Mareeba Mining's small, but very high grade, copper mine in north Queensland. The reserves are now put at 110,200 tonnes grading a rich 23.4 per cent copper compared with the previous figure of 88,000 tonnes grading 23.61 per cent. Of the latest total, about 92,500 tonnes grading 23.3 per cent are proven and the rest, grading 23.6 per cent, is of indicated ore.

* * *

Apex Mining, the second largest primary gold producer in the Philippines increased net income last year to 13.4m pesos (£780,000) from only 2m pesos in the previous year. This reflected higher gold prices together with increased gold production which rose 21 per cent to 20.5m ounces. Silver output last year was 13.6m ounces. The company has thus wiped out its accumulated debit at the start of the year which amounted to 4.1m pesos. Apex's new cyanidation plant is nearly completed and is expected to raise gold recoveries to 90 per cent from 75 per cent.

* * *

Shareholders in Australia's Gold and Mineral Exploration have approved the company's purchase of 2m shares in Wattle Gully Gold Mines. The shares were sold by Gold and Minerals' parent, Swan Resources, at 67 cents (32.8p) per share ex-rights, giving Swan a considerable profit, although the current price of the shares is around 95 cents. Wattle Gully has a 50 per cent stake in Chewton Gold Associates which is bringing the Wattle Gully mine into production. The other partners in Chewton are Swan Resources (40 per cent) and Gold and Mineral Exploration (10 per cent).

HUDBAY PLANS C$10M SPENDING

Canada's Hudson Bay Mining and Smelting has started a three-year underground programme at its Tom deposit in the south-eastern corner of the Yukon Territory, reports John Soganich in Toronto.

Hudbay, the Canadian arm of South Africa's Anglo American Corporation, said that the primary aim of the C$10m programme is to follow up indications that additional reserves of lead, zinc and silver exist below the areas drilled so far.

The secondary objective of the programme is to obtain more detailed information about the present reserves, which are estimated at 10m tons of ore averaging 7.6 per cent zinc, 6.9 per cent lead and 2.3 oz silver per ton. The deposit was discovered in 1951.

INGALL INDUSTRIES

Ingall Industries' wholly-owned subsidiary Thompsons (Funeral Furnishers) has acquired Stenner and Hill and Thomas Pakeman and Son, long established funeral directors in Bristol for £140,500.

Ashton's progress

THE LATEST quarterly progress report from the Ashton diamond exploration venture in Western Australia may contain little to set pulses racing in a sharemarket ever eager for exciting news, but from a potential mine manager's point of view it suggests that the time has come to start preparing his application for the job.

He will note the disclosure that the joint venture has now started initial investigations of potential markets for the various types of diamonds recoverable from the Argyle and Ellendale prospects. The treatment of bulk samples from the Ellendale pipes has been completed for the purpose of the present programme.

The sharemarket may be cheered by the possibility of more fun to come with the news that investigatory work is now to be concentrated at the Argyle deposits, the finding of which was described as the most significant event of last year by the partnership.

Ashton, overall, continues to present a picture of a high concentration of diamonds in the ground treated and a large proportion of them are of gem quality, but the stones are very small in size.

Field work at the Upper Smoke Creek alluvial terraces at Argyle has given a good result of 5,859 carats of diamond recovered from 1,069 cubic metres of gravels, but there is no indication of the size of the stones.

At Ellendale, however, it is interesting to note that latest treatment of samples from pipe "A" has produced a much higher average size of diamond than previously.

Although the amount of material treated, 10,629 tonnes, was only about one-eighth of that in the previous quarter, the average size of the diamonds recovered was about half a carat compared with one-fifth in the first quarter. The grade was unchanged and the largest stone recovered weighed 5.87 carats.

The partners in Ashton are: Conzinc Riotinto of Australia (56.8 per cent), Ashton Mining (24.2 per cent), Tanks Consolidated's Tanaust (9.1 per cent) Northern Mining (5 per cent) and AO Australia (4.9 per cent).

OIL AND GAS NEWS

Canada's drilling season gets underway

THE DRILLING season is getting under way off Canada's Labrador coast, reports Robert Gibbens from Montreal.

Chevron Standard, operator for a consortium comprising Petro-Canada, CDC Oil and Gas, and Columbia Gas Development Canada, says that the drillship Glomar Atlantic will shortly be on location to start drilling Chevron South Labrador M-79, 25 km east of the Hopedale E-33 oil well discovered in 1978. The well will be drilled in 500 metres of water to a depth of 3,660 metres over the next two months.

Meanwhile Mobil Canada has released more data on the Hibernia 0-35 appraisal well located around 200 miles off St. John's, Newfoundland. The 0-35 well is situated west of the original Hibernia P-15 oil discovery well. Another appraisal well, B-08, north of P-15, is currently drilling at 11,346 feet.

Mobil says that the sixth, seventh and eighth tests on 0-35 confirmed oil and gas shows. Zone eight, which log analysis shows has marginal potential, produced 31.4 degree API oil at variable rates of less than 400 barrels daily and natural gas at variable rates of up to 2m cubic feet daily from the interval 6,742 to 6,778 feet.

Zone seven, from 7,167 to 7,203 feet, tested 3,108 barrels of 30.3 degree API oil and 2.2m cubic feet of gas daily. Zone six, from 7,280 to 7,305 feet, tested 1,815 barrels of 29.1 degree API oil and 1m cubic feet of gas daily.

Five previous tests on the well all produced oil and gas shows of varying amounts of up to 2,755 barrels of oil and 1.8m cubic feet of gas per day.

However, Mobil adds that further appraisal wells will be needed before the full potential of the Hibernia find can be ascertained. The original discovery was confirmed as a commercial proposition in January this year when Chevron revealed that three principal zones of oil accumulations proved capable of producing at a rate of 20,000 barrels a day.

* * *

Hartogen Energy says that "moderate" indications of gas have been found in the Lesueur No. 1 well drilled in the Bonaparte Gulf off the coast of Western Australia. Lesueur No. 1 is located 84 kilometres south of the Tern gas field.

The gas show was encountered when a core was cut from 3,111 to 3,118.2 metres. The well is currently drilling ahead at 3,131 metres and has a target depth of 3,505 metres.

Hartogen says the significance of the show will be further evaluated when wireline logs are run at total depth.

The Hartogen consortium has a 45 per cent interest in the well, Australian Aquitaine Petroleum, the operator, 40 per cent, Alliance Petroleum 7.5 per cent and Pan Pacific Petroleum and Bamboo Creek 3.75 per cent apiece.

Meanwhile Hartogen also reports that the Kincora No. 20 appraisal well in Queensland's Surat Basin has been spudded and is drilling ahead. The well is located around 5.35 kilometres south of Kincora 18 which flowed oil at 430 barrels a day.

* * *

Bridge Oil says the Glen Fosslyn No. 1 gas discovery well in the Surat Basin is being completed as a gas producer from the show grounds formation. The well has reached target depth of 7,180 feet and production casing is being set.

An open hole test over the interval 6,800 to 6,853 feet flowed gas, with associated condensate, at 6.4m cubic feet a day. A second test in the lower permian over 6,850 to 6,884 feet produced 60 feet of waxy crude oil. Further gas production testing will take place later this month.

Glen Fosslyn is on a new structure 21 kilometres north east of the Silver Springs gas pipeline. Appraisal drilling to determine the extent and importance of the gas and oil finds will be carried out when a rig becomes available, Bridge added.

Kinta Kellas Rubber rises to £666,684

On turnover ahead from £1.28m to £1.52m, taxable surplus of Kinta Kellas Rubber Estates advanced to £666,684 for the year ended March 31, 1980, compared with £554,276.

Earnings per 10p share are shown as 7.15p against 7.07p, and the dividend is stepped up to 5p (4.5p) net with an unchanged final of 3.5p.

Profits included the associates' share of £10,335 (£7,745) and were subject to tax of £371,355 (£262,074), which left the net surplus at £295,329 (£292,202).

There were exchange losses of £18,471 (£4,426) and after dividends of £206,563 against £185,906, the amount retained was £70,295 compared with £101,870.

Midyear dive at Jamesons Chocolates

FOLLOWING ITS warning in May on outlook Jamesons Chocolates reports a slump in taxable profits from £210,000 to £70,000 for the half year to June 30, 1980. However, the company says that orders now being received indicate an improvement in trade in the second six months.

First half sales dipped from £3.05m to £2.72m. As known, trade both at home and overseas for the company had been poor.

After tax of £36,495 (£109,200) the profit decline was from £100,900 to £33,688, but the net interim dividend is being held at 1p per 10p share. Last time a 4p total was paid from a surplus of £0.52m.

Watson & Philip falls

TAXABLE PROFITS of Watson and Philip, foodstuffs distributor, fell from £400,000 to £279,000 for the half year ended April 25, 1980, on turnover ahead at £34.03m against £32.29m.

Stated earnings per 10p share are down from 2.3p to 1.6p but the interim dividend is maintained at 1p net—the directors are confident that the profit setback is only temporary and forecast an unchanged final payment of 2p.

Pre-tax surplus for the whole of last year was £780,000.

The directors state that while trading prospects for the rest of the year are not generally favourable, with costs rising faster than prices, a better contribution from the new operations can be expected as the first half was, as anticipated, affected by non-recurring costs.

Urgent action is also being taken to contain overheads against the background of a sluggish national economy, they add.

The acquisition of Scott's Self-Drive Hire, in April, and Cranston Horsburgh of Keswick, should have a beneficial effect on the second half of the year, the directors say.

First-half tax took £145,000 (£208,000) leaving a net profit of £134,000 compared with £192,000.

New Court advances to £0.5m

An increase in pre-tax profits from £217,000 to £500,000 is reported in the continuing operations of New Court Natural Resources, unquoted oil services group, for the year to March 31, 1980. Profits of the Expro subsidiary, sold during the year, were down from £325,000 to £258,000, making a total pre-tax figure for the group of £758,000 against £542,000.

At the interim stage group profits were £372,000 against £287,000 previously.

There was a tax credit for the year of £22,000 (£59,000 charge), leaving a net surplus of £780,000 (£483,000). Available surplus is £522,000 (£446,000).

The dividend for the year is lifted from 0.55p to 1p net. Earnings per share are given as 3.69p (2.23p).

The company says a valuation of the group's oil and gas interests at March 31 is approaching completion and is expected to show a very substantial surplus over book value.

MINSTER ASSETS

Minster Trust has ceased to act as secretary to its parent company, Minster Assets. The new secretary of Minster Assets is Mr. A. E. Ward who also continues as secretary of Minster Trust.

Philip Harris slides £0.7m

AFTER BEING only just in profit in the second half, Philip Harris (Holdings), scientific apparatus manufacturer, reports profits for the year to March 31, 1980 down from £1.15m to £410,647. At halfway the pre-tax figure was £371,714 against £479,230.

Turnover for the year fell from £13.81m to £11.95m.

The group says its science educational companies were badly affected over the year by the absence of any large export contracts. Some export difficulties and delays are being overcome, however, and the current year should benefit from contracts now in train.

The directors are optimistic despite the economic environment and market recession, and the net final dividend is lifted from 3.55p to 4.05p, making a total of 5.5p (5p).

There was a tax credit for the year of £53,413 against a charge of £562,165 and the attributable balance is £464,060 (£592,000).

£413,698 (£326,637).

After tax of £140,952 (£113,280) earnings per 25p share are shown as 6.52p (4.85p).

A final dividend of 4.1p (2.99p) marks the net total for the year 6.35p (4.74p). When announcing the interim payment, the directors forecast of total of not less than 6p.

The net asset value per share was 125.3p at the year end, compared with 128p at May 31, 1979.

Virtually static year for S & U

PROFITS OF S and U Stores, the consumer credit, retail trading and clothing manufacturing group, were slightly lower in the year to January 31, 1980, at £863,000 compared with £884,000, after interest charges up from £479,000 to £561,000.

There is again no tax charge and earnings per 12½p share are shown as 6.89p (7.01p).

A profit of £303,000 has been recovered from credit sale and hire purchase debtors—last year £3.16m was written off on this account. Losses on property sales amounted to £354,000 against £32,000 in 1978-79, when there were also losses on the closure of a subsidiary of £700,000.

Turnover rose from £22.3m to £25.5m. The dividend is again omitted—the most recent was a single payment of 0.56875p for 1975-76.

After adjustments, the balance transferred to reserves is £804,000, against a loss of £3.01m.

MOORGATE INV.

Gross revenue of Moorgate Investment for the year to May 31, 1980, rose from £398,454 to £493,171. The taxable revenue showed an increase of £105,554 at £444,834.

Franked revenue, including exceptional income of £13,024 received from Shell, improved to

Braithwaite Engineers nears £1m

TAXABLE PROFITS of Braithwaite and Co. Engineers, structural steelwork group, rose over the year to March 31, 1980, from £526,712 to £976,627, although turnover dropped from £10.47m to £8.79m.

At halfway the company reported pre-tax profits of £542,000 (£318,000) and was expecting similar in the second half.

Taxation for the year took £494,000 (£235,500).

There was an extraordinary credit of £476,703 (nil) on the sale of freehold; stock relief was nil (£527,943) and there was a debit on the cost of works closure of £107,908 (£863,500).

The final dividend is raised from 2.662p to 4p, making a net total of 7p (4.873p). Stated earnings per £1 share are 17.6p (10.5p).

First-half downturn for NCR

ATTRIBUTABLE profits of NCR, the wholly-owned business systems subsidiary of NCR Corporation of the U.S., fell from £2.13m to £1.48m in the first half to May 31, 1980.

The surplus is struck after all charges, including tax, of £1.67m (£2.39m). Earnings are shown as 17p (25p) per share.

Turnover went ahead from £37.59m to £45.19m and the board states that although incoming orders are affected by the current low level of economic activity in the UK, they are at a higher level than last year. With cost reduction efforts being made, they expect a satisfactory trading result for the second half.

In the last full year, the attributable surplus was £5.64m.

Ratners increases 34% and makes fair start

PRE-TAX profits of Ratners (Jewellers) rose by 34 per cent, from £2.56m to £3.44m, for the year ended April 6, 1980, on increased sales excluding VAT of £23.51m, against £19.31m.

When reporting improved mid-term profits of £684,309 (£534,691), the directors said the third quarter had been considerably helped by good Christmas trade, and they looked forward to the full-year outcome with confidence.

Mr. L. M. Ratner, chairman, now says sales have got off to a moderately fair start in the current year. However, last year's pre-Budget surge in sales, with the later fall-off, makes comparisons difficult.

The net total dividend is effectively raised from 1.841p to 2.3p, with a final of 1.63p. Earnings per 10p share are shown ahead to 10.49p (7.94p). The tax charge of £328,000 (£200,000) is reduced by £1.59m (£1.21m) for timing differences which the directors believe will not be reversed in the foreseeable future.

UK sales expanded by 22 per cent to £22.57m (£18.46m), net of VAT, and the group's market share continues to grow. Ten branches were opened during the year and all are trading satisfactorily. Since the year-end, a branch has been opened in Perth and a shop in Macclesfield is being fitted out.

The period has seen an unprecedented level of shop improvements with the object of preparing the business for more difficult trading conditions, the chairman says. The directors are confident every effort has and is being made to meet the demands of the High Street trading scene.

Trading losses of the Ratners Nederland BV subsidiary were cut from £193,000 to £68,000 including £32,000 exchange losses, and the directors believe the group now has a more secure base from which to go forward in that country.

	Year 1980 £000	1979 £000
Retail sales*	23,512	19,308
Profit before tax	3,443	2,559
Tax	328	200
Net profit	3,115	2,359
Extraordinary credits	83	526
Dividends	683	515
Retained	2,515	2,370

*Excluding VAT.

The Jadales manufacturing subsidiary expanded with the growth of the retail business, while Mondales, the wholesale company, streamlined its operations.

● comment

Supported by price reductions early in the year and general enthusiasm for precious metals, Ratners increased sales by a quarter during the second half, with around three quarters of the growth coming from established branches. The higher volume helped to push net margins up to a dazzling 19.2 per cent, the other main contributor being substantial loss elimination in the Netherlands. The rise in bullion prices obviously did the company no harm and it was not slow to build up stocks. Last year, it turned averaged stocs over less than twice, compared with 2.2 times in the previous year. The depressed consumer spending climate does not appear to be hitting Ratners too hard and it is pressing on with branch expansion. The balance sheet remains strong and if the group can maintain its present return on capital of over a quarter, it should easily justify the multiple of 5.6 times stated earnings offered by yesterday's share price of 60p. The yield is 5.6 per cent.

Powell Duffryn investment plans

WITH the first benefits of recent capital investment being reflected in results for 1979-80, Mr. C. S. Aston, chairman of Powell *Duffryn* is confident this will continue in the areas where the group's expertise predominates.

Last year, capital expenditure exceeded £20m as plans for this engineering, shippin, environmental services concern's longer-term expansion continued to be implemented.

The directors state that debentures and other loans rose to 28 (15) per cent of shareholders' funds—£28.38m (£15.02m) and £102.96m (£99.01m) respectively—which still allows "adequate flexibility for the future."

The rate of overseas expenditure, in the current year, is expected to decline and, apart from new loans to finance two ships on order, term borrowings are not expected to show much movement.

The directors add that the group's UK cash resources remain strong, and with established short-term bank facilities there is confidence that current year needs are well provided for.

Expenditure last year inclded over £3m on the new bulk liquid storage terminal in Sydney, tralia: expansion of the terwhich absorbed £2.5m; the acquisition of the minority shareholding in IBH for £7m; and the acquisition of Southwest Pipe nad Supply Company for £1.8m, with further payments up to £1.7m in aggregate related to future profitability.

Future capital expenditure amounted to £13.69m (£9.01m), of which £10.71m (£6.7m) is contracted for but not provided in the accounts.

As reported on June 26, on turnover up from £396.2m to £440.9m, pre-tax profits for the year ended March 31, improved to £15.88m (£12.18m) and the dividend is increased to 13.25p (11p) net per share.

On a CCA basis the surplus is reduced to £7.2m (£4.7m) after adjustments for depreciation £4m (£3.7m), cost of sales £5.3m (£4.1m), monetary working capital £0.5m (£0.4m), less gearing £2.1m (£1.6m).

Meeting, The Dorchester, Park Lane, W., August 6, noon.

Daejan rises to £4.19m

AFTER RISING by £780,000 to £2.93m at midway, pre-tax profits of Daejan Holdings levelled out in the second half of the year to March 31, 1980, finishing £861,000 ahead at £4.19m.

The dividend is lifted from 3.25p to 3.5p with a final of 2.275p.

Gross revenue of this property investment group was £10.54m (£10.4m), the surplus being struck after financing and other charges of £6.35m (£5.78m).

After tax of £1.4m (£1.07m), there is an attributable profit of £2.73m (£2.16m) and earnings are shown as 17.02p (13.84p).

Tern facing a slower growth rate

Mr. Peter Barden, chairman of Tern-Consulate, says in his annual report that he cannot expect the recent profits growth of the company to continue uninterrupted with British industry as a whole facing a very difficult year.

As announced on June 12, pre-tax profits of the shirt, tie and knitwear manufacturer for the 13 months to January 31, 1980, advanced to £401,448 from the £276,700 for the previous year.

The current year will be largely spent developing the acquisitions of Lloyd Menswear, from which a modest aggregate net profit is looked for in 1980, and Waverley Overalls, which deals in protective clothing—a potentially large growth area for the group.

The Board's policy is to continually improve the group's products and competitiveness in order to expand. With this in mind, Mr. Barden believes that with the company's flexible attitude and competent management the future of the group remains good and is well set to take full advantage of a recovering market.

Shareholders' funds rose during 1979 from £1.7m to £2m but cash and bank balances show a marked reduction from £16.8m to £3.74m. Bank overdraft (secured) increased from £255,699 to £758,741.

Meeting, Lawrence Road, Tottenham, N, July 24, noon.

HALL BROS./BRINT

Of the offers for Brint Investments, acceptances amounting to 5m "A" ordinary (100 per cent), and 7,008,450 ordinary restricted voting shares (90.7 per cent) have been received by Hall Brothers Steamship. The offers are now unconditional and remain open.

Of the acceptances, holders of the 5m "A" shares and 6,893,950 restricted voting shares, took the separate cash offer made on behalf of Hall by the English Association of American Bond and Share Holders.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	Last	Oct. Vol.	Last	Jan. Vol.	Last	Stock
AKZ C	F.22.50	32	0.80	—	—	15	2.80	F.22.60
AKZ C	F.25	—	—	20	1	19	1.30	"
AKZ P	F.22.50	5	0.50	—	—	—	—	"
AKZ P	F.25	6	2.10	20	2.50	—	—	"
ARB C	F.65	2	1.10	—	—	—	—	F.65.90
ARB C	F.70	4	0.10	13	1	—	—	"
EK C	$60	5	1⅞	5	2½	—	—	$56⅝
FNC C	$20	8	3¼	—	—	—	—	$23½
HEI C	F.60	10	0.70	—	—	12	5.30	F.59.50
HEI P	F.55	—	—	3	1	—	—	"
HEI P	F.60	2	1.50	—	—	—	—	"
HEI P	F.70	—	—	1	12.50	—	—	"
HO C	F.17.50	10	0.10	—	—	5	1.70	F.16.70
IBM C	$60	11	1⅝	—	—	—	—	$61½
KLM C	F.60	70	5	6	6.50	—	—	F.65.10
KLM C	F.70	20	0.30	21	2.70	4	3.70	"
KLM C	F.80	—	—	5	1	—	—	"
KLM P	F.60	5	0.30	72	5.30	—	—	"
KLM P	F.70	21	4.80	30	9	—	—	"
KLM P	F.80	4	14.50	—	—	—	—	"
NAT C	F.100	1	11.70	—	—	—	—	F.111.40
NAT C	F.104.50	1	6.80	—	—	—	—	"
NAT C	F.109.10	6	2.80	—	—	—	—	"
NN C	F.110	6	2	3	5	—	—	"
NN C	F.120	—	—	20	1.10	21	2.20	"
PHI C	F.15	—	—	75	3.50	—	—	F.18.00
PHI C	F.17.50	7	0.60	—	—	2	1.60	"
PHI C	F.20	—	—	40	0.30	11	0.60	"
PSA C	F.220	—	—	2	12	—	—	F.209
RD C	F.140	—	—	10	28	—	—	F.167.30
RD C	F.150	10	17.80	65	18.20	—	—	"
RD C	F.160	64	7.30	13	9.60	—	—	"
RD C	F.170	40	0.50	59	4	2	5.60	"
RD P	F.150	—	—	10	1.20	10	2.80	"
RD P	F.160	100	0.10	131	4	—	—	"
RD P	F.170	7	3	—	—	—	—	"
UNI C	F.110	—	—	—	—	10	15	F.125
UNI C	F.115	—	—	32	9.50	—	—	"
UNI C	F.120	39	3	147	6	31	6.50	"
UNI C	F.125	32	0.70	—	—	—	—	"
UNI P	F.105	—	—	1	0.20	—	—	"
UNI P	F.115	—	—	5	1	—	—	"
UNI P	F.120	—	—	65	2.40	—	—	"
		Aug.		Nov.		Feb.		
BAS C	DM.140	—	—	3	4.50	—	—	DM137.60
MMW C	DM.130	10	1	20	5	—	—	DM126.50
SIE C	DM.280.50	—	—	2	6.50	2	10	DM280.10
SLB C	$110	10	10½	2	14½	—	—	$118⅝
SLB C	$120	—	—	—	—	5	11½	"
VEB C	DM.140	—	—	10	12.50	—	—	DM148.80
VEB C	DM.150	5	1.50	12	4.50	—	—	"
		Sept.		Dec.		Mar.		
GM C	$45	10	5⅛	—	—	—	—	$49½
GM C	$50	3	2	10	3¼	—	—	"

TOTAL VOLUME IN CONTRACTS 1648

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	16 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	17 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	17 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser			
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.

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BIDS AND DEALS

31p agreed offer from East for Marshall Cavendish

Times Publishing Berhad of Singapore is making an agreed £4.6m bid for all the shares of Marshall Cavendish, publishers, that it does not already hold at 31p a share.

On June 11, stockbrokers Rowe and Pitman bought 5.5m Marshall Cavendish shares, 27 per cent of those issued, in a "dawn raid" on behalf of Times Publishing, paying £1.38m—25p a share.

Mr. George Amy, chairman of Marshall Cavendish, said at the time that the raid was "a bolt from the blue, and nothing to be pleased about."

Mr. Amy said yesterday that the directors had mixed feelings about the takeover. "It has been a very difficult decision for all of us but we have had to put aside personal considerations and think of the shareholders and employees."

The board of Marshall Cavendish has described the 31p a share bid as fair and reasonable and recommends that all shareholders accept it. The shares, which stood at 17p before the "dawn raid," were trading at 28p yesterday before the bid announcement and then moved up to 31p.

Directors have tendered their beneficial holdings, totalling 351,001 shares, or 1.7 per cent.

Wren Trust, a subsidiary of Gresham Trust, intends to accept the offer in respect of its holding of 2,570,439 shares, approximately 12.6 per cent.

When it acquired its initial 27.1 per cent interest last month, Times Publishing said it was seeking to spread its interests. A leading publishing group in South-East Asia, it achieved a pre-tax profit in 1979 of £3.7m on a £33m turnover.

It is the local distributor of £500,000 worth of Marshall Cavendish publications, mainly partworks such as Good Cooking and New Man and Woman, which are encyclopaedic reference books sold in magazine-size sections.

Marshall Cavendish made £272,000 pre-tax profit last year, the lowest in the company's history, compared with £1.7m in 1978. The commercial television strike last autumn prevented promotion of major partworks.

The current year has seen a substantial recovery, however, with a £400,000 first-quarter profit level sustained in the second quarter, according to Mr. Amy.

Mr. Amy said he would remain chairman "for the time being" and hoped that other directors would stay, adding that Times Publishing had given them assurances.

He and another director, Mr. F. E. Martin, have reported selling 20,000 and 15,000 shares recently in Marshall Cavendish. Mr. Amy said: "I can tell you that we sold at 25p a share. I guess that makes us look a bit foolish."

Ladbroke's £8.5m Miami development

London and Leeds Investments, the property division of the Ladbroke Group is to develop an £8.5m ($20m) offices and shops complex in Miami.

The company has purchased a development site at Coral Gables, the commercial and administrative centre which forms part of the greater Miami district, and intends to construct a 32,000 sq ft shopping plaza, 100,000 sq ft of offices and 300 car parking spaces.

Mr. Kurt Kilstock, chief executive of London and Leeds, said: "This is our second major transaction in the U.S., the first being a joint development comprising an 80-acre office park in Rye, Westchester County, New York.

"We are continuing our search for first class development sites in the U.S. and the UK. We have been able to make great progress in recent years with the financial backing of the Ladbroke Group and this continues to enable us to expand our wide ranging property developments."

Stanhope Inv. succumbs to Dares

After twice being involved in bid talks in the last two years, *Stanhope General Investment Company*, the quoted investment trust, has agreed an offer worth £2.59m from Dares Estates, the property investment company and housebuilder.

The terms are £2m cash and/or ordinary shares of 10p for every Stanhope ordinary share. This compares with Stanhope's net asset value of 192p at March 25, 1980. Stanhope shares jumped 40p to 200p yesterday while Dares lost ½p to 19p.

Dares says that the acquisition is in line with its policy of placing more emphasis on increasing its property investment portfolio. It strengthens the group's property investment base and provides available facilities and assets for further expansion. Dares says that it also considerably lowers the group's gearing.

Stanhope's portfolio includes £1.68m of quoted UK securities and a commercial property investment portfolio valued at £1m.

The Stanhope directors have undertaken to procure irrevocable undertakings to accept the ordinary offer in respect of not less than 51 per cent. The ordinary shares will be underwritten by Henry Cooke Lumsden and Co. Preference holders will be *offered £1 cash per share.*

Stanhope recently announced pre-tax profits of £106,000 against £110,000 for 1979.

● AUTOMOTIVE BATTERIES

Hoping for a cold snap

BY RICHARD LAMBERT

THE AUTOMOTIVE battery industry in Europe and the U.S. is currently being squeezed harder than at any time in the *last 25 years. In the first* quarter of 1980, replacement sales fell by 21 per cent in the U.S. and over 30 per cent in Europe. Chloride—the world leader in rechargeable batteries—thanks the bottom has not yet been reached.

With most of its factories currently working short time, the key question for Chloride and its competitors is whether there has been some fundamental change in the market place. Is this industry going the same way as the tyre manufacturing business, which was flattened by the introduction of the long lasting radial tyre?

Chloride insists that its problems are temporary. "The overall life of the battery has not changed significantly in the last five years," says chief executive Mr. John Ray. "Technically, nothing much has changed."

Carlton Industries, which owns Haddon-Oldham — Chloride's main competitor in the UK—says the same. Batteries are lighter and more manageable, it explains, but the basic product has changed very little.

Both companies agree on the main causes of this year's setback. These were the mild winter—there is nothing like a cold snap for knocking batteries out—and high interest rates. These led distributors to cut back heavily on their stock levels. As a result of the increased costs of motoring, drivers have been waiting for the very last minute to replace their batteries, and a much increased use of home chargers has helped them to squeeze the last drop of life out of the product.

Combined with a sharp fall in demand for original equipment from motor manufacturers, the result has been a build up of surplus capacity across Europe and North America. Price competition has been particularly keen in the U.S., *where as a* result of recent expansion Chloride now sells as many automotive batteries as it does in the UK. The industry in Europe is dominated by powerful companies—like Varta and CGE—who are not going to throw in the sponge, and although some factories are closing, others are still coming on stream. In particular, General Motors is expected to open a new factory in France around the end of this year, which could bring in another 2m batteries a year. That would be a measurable addition to the total European *market of around 50m batteries.*

At the same time, demand for industrial batteries has fallen below expectations. The fork lift truck business moves closely in line with industrial output, and overall demand for motive power batteries in Europe is down by around a tenth against this time last year.

The impact of all this has yet to show through in the published figures of Haddon-Oldham, which reports on a calendar year basis. But profits at Chloride fell by 42 per cent before redundancy costs in the second half of the year to March, and the annual dividend was cut by a third.

Chloride says that cash will be its number one priority in the current financial year, and it will take another two years after that to get the balance-sheet ito shape. Net borrowings represented 78 per cent of shareholders' funds in the recently published balance-sheet, which is within the range that the group considers acceptable. But income gearing is too high for comfort, at nearly 40 per cent.

The sharp fall in lead prices will take some of the strain off stock finance—£10 on the commodity price means a difference of about £800,000 to Chloride's working capital. But with cash *flow under pressure*, the group thinks its borrowings will be roughly unchanged this year.

Faced with a much reduced scope for growth in its traditional markets, Chloride has been concentrating production on its most efficient sites. A substantial part of its motive power output has been transferred from Clifton Junction to a new £12m factory at Over Hulton, and the Dagenham works has been getting a bigger share of the automotive battery business.

The group is also changing its approach to vertical integration. "In general terms," explains Mr. Ray, "We will look for opportunities not to commit money to component businesses—containers and separators—when we can obtain supplies from other sources."

On the industrial side, Chloride has high hopes for what it calls its systems businesses—which include devices for regulating and supporting power supplies to computers and office equipment, and certain segments of the security market. It is also finding growth opportunities for its traditional products in a number *of its overseas operations*—Australasia, Africa and Asia which together produced around two-fifths of the group's operating profits last year.

But Chloride still has a very heavy commitment to the decidedly mature market for automotive batteries in Europe and the U.S. Like Haddon-Oldham it believes that demand for automotive batteries should start to recover next winter. meanwhile, both companies are bracing themselves for an uncomfortable summer.

NCB PENSION FUNDS LIFT HOLDINGS IN THREE TRUSTS

The trustees of the **National Coal Board Staff Superannuation Scheme** and the **Mineworkers' Pension Scheme** have raised their stakes in three investment trusts.

They have bought 1,804,894 ordinary shares in **Alliance Trust**, bringing their total holding to 4.32m shares (8.57 per cent), while the acquisition of 2.31m ordinary in **Lake View Investment Trust** raises their stake to 5.46m shares (12.16 per cent).

The trustees of the two schemes have also purchased 2,429,372 ordinary shares in *Drayton Premier Investment* **Trust**. The NCB pension funds now jointl yhold 4.92m shares (17.32 per cent).

REVERTEX

Revertex Chemicals yesterday responded to Yule Catto's formal offer to acquire all the share capital not already owned, with a recommendation that Revertex shareholders take no action.

The board of Revertex promised to send a circular to its shareholders, "in the near future."

SHARE STAKE

Silverthorne Group — Unochrome Industries now holds 2.67m shares (76.3 per cent).

B & C GETS 20% OF NICHOLS

Shareholders of soft drinks group, **J. N. Nichols (Vimto)** have approved the acquisition of **Solent Canners**. As a result of the £4.1m deal, British and Commonwealth Shipping Company, which held a controlling interest of nearly 78 per cent in Solent, becomes the largest shareholder in Nichols with a 20 per cent stake.

Assuming full conversion of the stock issued under the terms of the agreement, British and Commonwealth's holding in Nichols would eventually rise to 35 per cent. A one-for-one scrip issue of Nichols was also approved.

IMPERIAL GROUP LTD INTERIM RESULTS

Half Year to 30th April 1980

Statement by the Chairman – Mr. Malcolm Anson.

Comparing the first half of this year with the same period in 1979, the Company's consolidated accounts show that –

Group trading surplus was £73.5 m., an increase of £4.6 m. (6.7%);

Interest charges rose by £4.4 m. (22.1%);

Investment income and the Group's share of the profits of associated companies increased by an aggregate £0.3 m. (1.6%);

Group profit before tax was £68.5 m., an increase of £0.5 m. (0.7%);

Group profit after tax was £38.0 m., a decrease of £22.9 m. (37.6%).

The modest improvement in trading surplus for the first three months which was reported at the Annual General Meeting was sustained through the second quarter largely because of an excellent performance from our Tobacco Division and higher profits from our Brewery Division. The sale in November to B.A.T Industries Limited ("B.A.T") of our 50% interest in Mardon Packaging International Limited is reflected in the lower figure of the Group's share of profits in its associated companies, but this decrease is compensated for by an increase in investment income which is largely attributable to the interest received on the B.A.T Variable Rate Loan Notes obtained as consideration for this disposal. Increased interest charges, due predominantly to higher interest rates, eliminated the gains made in Group trading surplus, leaving Group profit before tax virtually unchanged compared with the same period last year. Compared with last year's very low figure, the taxation charge was significantly higher, not least by the provision of £10.3 m., in respect of advance payments of corporation tax not now expected to be recoverable.

To assess the impact of current costs on the reported trading surplus figure of £73.5 m., which has been based upon historical costs, we have estimated the consequences of higher depreciation charges and working capital based upon the recently proposed "Current Cost Accounting" Standard, SSAP16. Our appraisal for the half year shows that these factors would in total represent about £43 m. (1979, £32 m.) of the Group profit before taxation of £68 m. (1979, £68 m.); of these adjustments £11 m. (1979, £7 m.) could be ascribed to that element of the business financed by borrowings, as a gearing adjustment. The aggregate impact of these current cost adjustments would reduce reported Group profit after taxation by £32 m. (1979, £25 m.).

Divisional Review

Helped by heavy pre-Budget buying, the TOBACCO DIVISION's improvement in profitability was even better than that recorded in the first half of last year. In the still expanding king size sector, Lambert & Butler Special Mild King Size was successfully launched in November, and John Player Special King Size, introduced in London and the South East in February, continues its encouraging progress.

The PAPER, BOARD AND PLASTICS DIVISION experienced mixed fortunes which left it with a negligible trading surplus. Demand for lightweight printing papers was weak and, despite remedial measures, our board-making company continued to trade at a loss. While our plastics interests produced better results overall, the downturn in U.K. industrial activity and pressure on export margins began to affect their performance.

Results from the FOOD DIVISION were markedly below those of the same period last year. In exceptionally difficult trading conditions, losses were still incurred on eggs and chickens in the U.K. and on chickens in the U.S.A. While useful gains were made by some of the Division's processed and convenience foods interests, all of its businesses suffered from greatly reduced demand, especially in the catering market, and various rationalisation steps have had to be taken.

The BREWERY DIVISION increased its trading surplus with improvements being registered in its pubs and off-licences as well as in the free trade; a substantial part of the improvement in trading surplus arose from the changed accounting treatment of income from Harp lager following the reconstruction of the Harp lager consortium. Strong competitive pressure, however, affected volume sales of beer, wines and spirits in all sectors of trade. A decline in tourist traffic to the U.K. showed through in reduced profits from its hotels. Work on bringing the new Berkshire Brewery into full operation proceeded on schedule.

Year to 31st October 1980

With the deepening recession, 1980 will be a disappointing year for the U.K. economy and thus for the Group. Increasingly tighter margins and an overall reduction in consumer demand will make last year's trading surplus very difficult to match; moreover, the higher cost of money is imposing interest charges much greater than those of 1979. It is this worsening outlook which has obliged us to revise our expectations of taxable U.K. profits and therefore to write off a proportion of advance corporation tax. We now have a major presence in the U.S.A. and, while it is too early to make definitive statements, we are optimistic about Howard Johnson Company's performance. Taking all factors into account, however, Group profit before tax is not expected to reach last year's level.

Interim Dividend

The Directors have decided to declare an interim dividend at the same level as that of last year, i.e. 2.75p per share, and this will absorb £19.7 m. (1979, £19.5 m.). Warrants will be dated 31st October 1980 and will be posted to those shareholders who are registered in the books of the Company at the close of business on 1st October 1980.

Summary of Consolidated Results

£ million	Half year to 30th April 1980	Half year to 30th April 1979
Total external sales	1,876.5	1,760.9
Composition of Group trading surplus:–		
Tobacco	49.6	39.9
Paper, Board, & Plastics	–	0.6
Food	5.4	12.8
Brewery	18.6	15.7
Effect of foreign currency changes	(0.1)	(0.1)
Group Trading Surplus (after charging depreciation of £23.9 million [1979 £20.1 million])	73.5	68.9
Group trading surplus – as above	73.5	68.9
Interest charges	(24.3)	(19.9)
Group trading surplus after interest	49.2	49.0
Investment income	17.3	12.1
Share of profits of associated companies	2.0	6.9
Group Profit Before Taxation	68.5	68.0
Taxation	(30.5)	(7.1)
Group profit after taxation	38.0	60.9
Minority interests	(0.1)	(0.2)
	37.9	60.7
Extraordinary items	31.4	119.5
Group Profit Attributable To The Parent Company	69.3	180.2
Earnings per share (excluding extraordinary items)		
before taxation	9.5p	9.5p
after taxation	5.3p	8.6p

IMPERIAL GROUP LIMITED

W. D. & H. O. Wills, John Player and Sons and Ogden's; Ross Foods, Buxted Poultry; Golden Wonder Crisps, Smedley-HP Foods, Young's Seafoods; Courage and John Smith's Beers; Howard Johnson Co. (U.S.A.).

U.S. BANK RESULTS

Second-quarter profits surge

BY STEWART FLEMING IN NEW YORK

LEADING AMERICAN banks are reporting strong earnings gains for the second quarter of the year, a period which saw U.S. interest rates surge to unprecedented peaks before falling sharply in May and June.

The results tend to confirm analysts expectations that commercial banks would reap hefty funding profits from the rapid decline in their cost of funds when compared with the slower pace at which the banks themselves lowered lending charges to their customers.

It is evident, too, that some banks—J. P. Morgan most notably—rode the gyrations of the short and long term fixed income markets with aplomb. Morgan reported a second quarter surge in trading profits from \$2.8m to \$28.4m, citing successful bond trading as a principal factor behind the rise.

The Morgan Bank's profits in the second quarter, following a sluggish first quarter performance, surged 45 per cent from \$101.5m or \$2.47 a share from a corresponding \$69.8m or \$1.72 a share in 1979.

Other banks reporting strong earnings gains included **Chemical New York** (profits 26.8 per cent higher), **Marine Midland Banks** (up 47.6 per cent), **First National Boston** (up 27.2 per cent) and **Pittsburgh National** (up 34.7 per cent).

Like Morgan, Marine Midland cited increased fee income on domestic services, trading profits and foreign exchange earnings as important factors behind its earnings improvement which saw net profits increase from last year's corresponding \$10.5m to \$19.7m in the latest period.

Morgan reported fee and commission income up from \$26.4m to \$43.3m and foreign exchange trading income from \$7.8m to \$22.7m.

Fears of leading corporations earlier in the year that a credit squeeze was approaching may well have helped to increase the banks' fee income substantially. There was an unprecedented rush to the banks to tie down lines of credit with commitment fees against such a possibility.

The decline in interest rates during the quarter—the banks' cost of funds slumped from marginal rates of around 18 per cent in April to between 8 and 9 per cent—has clearly been a major factor in the profits performance. The prime rate, which peaked at 20 per cent, came down much more slowly, enabling the banks to widen their net interest margins—the spread between funding costs and loan charges.

But some analysts suggest that this could prove to be a once and for all gain and that in the second half of the year earnings growth will slow and that for the full year leading banks could see profits up around 10 per cent on average.

They point out, for example, that loan demand is sluggish now and is likely to remain so as the economy passes through the recession into an anticipated weak recovery. In addition, there is evidence in the banks' reports of increasing provisions against loan losses.

The international banks are also experiencing eroding profitability on their international lending because of narrow spreads on Eurodollar business. Those that have reaped big trading profits in the bond markets in the past quarter can scarcely hope for a repeat.

Meanwhile, Chemical New York's operating net earnings were up from \$37m to \$46.4m in the second quarter, making \$79m for the half year against \$67.7m previously.

First National Boston's second quarter net advanced from \$20.8m to \$26.7m. Half-year profits advanced from \$40.8m to \$49.2m.

Interest rates hit Great Western

By Our Financial Staff

HIGH INTEREST rates and expenses caused a severe drop in second quarter profits and new loans for Great Western Financial Corporation, the Los Angeles-based savings and loan association.

Second quarter net profit fell to \$5.6m or 25 cents a share on revenues of \$248.6m from \$23.15m or \$1.03 on \$212.2m a year earlier.

First half net profit fell to \$19.1m or 85 cents a share on revenues of \$485.9m from \$45.8m or \$2.04 on \$415.6m.

The company paid \$192m interest on savings accounts in the second quarter against \$130.5m a year earlier.

New loans made in the second quarter declined to \$93m from \$737m a year earlier. The outflow of funds from savings accounts was \$75m compared with a funds inflow of \$272m a year earlier.

Great Western said that with the decline in interest and mortgage rates, loans are beginning to rise from the low point reached in May.

The average interest rate on new loans reached 13.5 per cent at the end of the first half raising the portfolio yield to 9.94 per cent.

Squeeze curbs growth in General Electric earnings

BY OUR NEW YORK CORRESPONDENT

DECLINING ECONOMIC conditions and narrowing profit margins have curbed earnings growth at General Electric, the largest U.S. electronics group. The company reported that second quarter profits rose by 5 per cent, from last year's corresponding \$382.1m or \$1.69 a share to \$402.6m or \$1.77 a share, in spite of a 10 per cent sales increase from \$5.64bn to \$6.2bn.

Net earnings for the half-year totalled \$744.1m or \$3.27 a share on sales of \$12.08bn. This compared with profits of \$685.5m or \$3.02 a share for the same period last year, on sales of \$10.72bn.

Mr. Reginald Jones, the chairman, said that the company's operating margin rate was the same as in the first quarter but lower than a year ago, "reflecting the declining economic conditions and the cost-price squeeze."

He added, however, that this decline was offset by an increase in other income from both operating and non-operating sources, as well as a lower effective tax rate as a result of improved income from foreign sources and higher earnings from General Electric Credit Corporation, the group's large finance company subsidiary, whose net earnings rose 38 per cent to \$30.1m.

Mr. Jones reported that compared with last year's strong second quarter all sectors, with the exception of consumer products and services (General Electric is a major supplier of household electrical equipment), experienced increased second quarter earnings.

Capital goods and the company's large mining and natural resources operations (which include oil and gas, iron ore and coal interests) all had a strong second quarter performance. The natural resources division's earnings rose 11 per cent to \$62.4m.

Texas Oil and Gas sees gain

BY OUR FINANCIAL STAFF

TEXAS OIL AND GAS, which reported strong profit growth in the first nine months of the fiscal year, said it expects net profit for the full year to rise 40 per cent from \$97.3m a year ago.

For the nine months ended May 20 it reported net profit of \$101.3m, up 46 per cent from a year earlier, on revenues of \$866.5m, up 35 per cent. Net profit per share was \$2.34 against \$1.60.

Third quarter net profit rose 25 per cent to \$37.25m or 86 cents a share on revenues of \$303.9m against \$25.9m or 60 cents on \$252.1m a year earlier.

The company noted that accelerated drilling by the industry has led to increased natural gas supplies

It believes, however, that a significant surplus will not develop. "The use of gas is now being encouraged nationwide because it is preferable to more expensive, less reliable alternative energy sources."

The recession "could even enhance" its prospects "as users focus on domestic natural gas to replace high cost, politically unreliable, foreign oil and gas."

Steady advance by Abbott Laboratories

By Terry Byland

TRADING RESULTS for the second quarter of the year at Abbott Laboratories indicate that the group is well on target for Wall Street forecasts for the full year. The first half now shows gains of 19 per cent to \$98.4m or \$1.63 a share in earnings and of 18 per cent to \$939.8m in sales. For the full year, analysts have predicted that Abbott, a leading figure in pharmaceuticals now rapidly moving into the medical supply industry, will push earnings ahead from \$2.97 to at least \$3.45 a share.

The second quarter brought maintained progress, with earnings 18 per cent ahead at \$52.1m or 86 cents, and sales 17 per cent up at \$486.9m.

The company points out that the results include foreign exchange losses of \$1.7m and \$3.8m on the quarter and the half year, compared with similar losses of \$1.5m and \$1.7m last time.

The company is looking for increasing progress this year in overseas markets, which in 1979 brought in 36 per cent of group sales and 29 per cent of earnings. Areas favoured for improvement are France, Spain, Japan and Germany.

Continued demand for hospital and diagnostic products is expected by the board which has commented that such demand is likely to be recession proof.

Borden forecasts improvement

BY OUR FINANCIAL STAFF

BORDEN, THE food dairy products and chemicals group expects its earnings for the second quarter to grow by 8 per cent from the \$38m, or \$1.22 a share, achieved in the same period last year.

Overall profits for the six months should be ahead by 6 per cent from the \$2.12 a share, of last year and the group also expects the third quarter just begun to show an unspecified improvement on the 1979 figure of \$1.25 a share.

The improvement in the third quarter would come despite the disposal and restructuring programme announced by the company yesterday, the costs of which will be accounted for in the third quarter.

Borden expects to maintain sales for the year above \$4bn, despite the sale of companies which in 1979 contributed about 20 per cent of its \$4.32bn total. Earnings are also expected to top the \$134m, or \$4.31 a share, of 1979.

This disposals programme is expected to generate some \$350m of net cash after taxes. It includes the previous sale of Florida Phosphate to Amax, the mining group, for \$200m (\$63m net of taxes). Other businesses to be sold include the Smith-Douglas fertiliser operation, North American Sugar and the bulk part of Borden's cheese activities. Sales of these operations, while generating cash, will result in book losses which should equal the gain on the Phosphate sale.

Borden intends using the cash to fund part of its \$1.5bn five-year development plan, with the remainder of the plan funded through depreciation and retained earnings.

The company considers that the funds from the sales will be able to generate a 20 per cent return compared with a return on investment in 1979 of 5.5 per cent on the assets involved in the disposals.

The group's expansion in the coming five years will be in chemicals — where investment will go into speciality chemicals and basic and intermediate raw materials from which the speciality products are made — and food, where the main targets are, snacks, main-meal foods such as pasta, and long-shelf life dairy products.

Pullman seeks to block offer

By Our New York Correspondent

PULLMAN, the railroad equipment and process plant manufacturer, has filed suit to block oil rig manufacturer J. Ray McDermott from acquiring a 23 per cent stake in it.

At the beginning of the month McDermott said that it was launching a tender offer worth \$56m (\$28 a share) for just under 20 per cent of Pullman's stock. It had previously bought 500,000 of the company's 11.1m outstanding shares.

Profits fall at Dow Jones

BY OUR FINANCIAL STAFF

THE HIGHER cost of imported newsprint contributed to a fall in net profits at Dow Jones and Company from \$13.12m to \$12.73m in its second quarter. During the quarter revenues of the newspaper and news agency group climbed from \$107.67m to \$128.41m.

Per share earnings for the period were 82 cents compared with 85 cents, and the company said that the importation of European newsprint caused by a domestic shortage shaved 5 cents a share from earnings. Losses from its Book Digest magazine reduced results by a similar amount while start-up costs of a joint venture newsprint mill cut earnings by 3 cents a share, the company said.

These factors offset gains at its news agency, and its main publications, the Wall Street Journal and Barron's.

For the half year profits were \$24.67m against \$23.79m, or \$1.59 per share compared with \$1.54. Revenues came out well ahead at \$248.7m compared with \$205.88m.

FTC rules on Borg-Warner Bosch boards

By David Lascelles in New York

BORG-WARNER of the U.S. and Bosch of West Germany were yesterday ordered by the Federal Trade Commission to end their three-year-old director sharing arrangement, because it violates Anti-Trust Law. The ruling raises questions about the future of the close relationship between the two companies.

Borg-Warner said from its Chicago headquarters it was disappointed by the ruling, but had ten days to decide whether to appeal against it.

The arrangement dates back to December 1976, when Bosch, as part of its international expansion strategy, bought 2m newly-issued shares in Borg-Warner for \$63m. This gave it approximately ten per cent of the U.S. company, and the deal provided for Bosch to put two members on the Borg-Warner board, one from Bosch GMBH, the other from Bosch Corporation, its U.S. arm.

However, the FTC has now ruled that this arrangement is anti-competitive because Bosch and Borg-Warner both compete in automotive replacement parts and are the largest companies in that business in their respective countries.

Yesterday's ruling said that the directors must resign either from the Borg-Warner board, or from the boards of the two Bosch companies.

Progress at Kaiser Aluminum

By Our Financial Staff

EXCELLENT RESULTS for fiscal 1980 are expected by the board of Kaiser Aluminum and Chemical, which yesterday announced a substantial increase in earnings in the first half. It expects margins to come under pressure in the second half from higher labour and energy costs and says its confidence for the full year is based on the "exceptionally strong" first six months.

Earnings are 32 per cent up at \$155.7m or \$3.75 at the half way point, with sales showing a 14 per cent gain to \$1.75bn. The second quarter brought gains of 38 per cent to \$82.2m or \$1.98, on sales 18 per cent higher at \$964.8m.

Foreign exchange losses of 14 cents on the quarter and 7 cents on the half year compare with losses of 6 cents and 7 cents respectively.

The improvement is attributed in part to significantly better results from the Australian and European affiliates.

The pressures on margins expected in the second half will have a "dampening effect" on earnings, comments the board.

The company made no specific forecast for the full year. Wall Street analysts have predicted that Kaiser will push earnings ahead from \$3.58 a share to \$4.70.

Kaiser says that U.S. volume shipments of aluminium will show a fall in the second half of the year as the recession gathers pace, and this will probably affect foreign markets later in the year.

Canada bank DM bond debut

BY FRANCIS GHILES

ROYAL BANK of Canada is to float its first D-Mark foreign bond through a group of banks led by West deutsche Landesbank later today. Indicated terms of this DM 100m issue have not yet been disclosed.

Secondary market trading remained very quiet in the D-Mark sector yesterday with prices of seasoned issues rising by about ¼ of a point. The indicated coupon on the DM 130m seven-year issue for the Daiei which is managed by BHF Bank has been cut by ¼ per cent to 5¾ per cent.

In the dollar sector trading was described as "very thin" by most dealers. The \$30m convertible for MEPC was very well received in the market and was already being quoted, in pre-market trading, above par. Demand is coming in from all areas.

In the sterling sector, the amount of the £6.5m International Finance bond has been increased to £7.5m by th elead managers, Merrill Lynch and S. G. Warburg. The indicated coupon remains 6½ per cent. Prices of seasoned issues were otherwise unchanged.

The next French franc bond which BNP is arranging for the Kingdom of Sweden is expected to be announced later today.

U.S. QUARTERLIES

COLT INDUSTRIES		
Second quarter	1980 $	1979 $
Revenue	562.7m	544.2m
Net profits	29.3m	31.1m
Net per share	2.24	2.33
Six months		
Revenue	1.13bn	1.09bn
Net profits	57.6m	58.6m
Net per share	4.39	4.40

PARKER DRILLING		
Third quarter	1980 $	1979 $
Revenue	98.2m	77.9m
Net profits	10.7m	8.69m
Net per share	0.83	0.67
Nine months		
Revenue	279.1m	225.9m
Net profits	27.5m	27.1m
Net per share	2.12	2.10

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	93½	93¾	−0⅛	+0½	11.18
Brit. Oxygen F. 10¾ 90	50	95	95½	0	−0⅝	11.67
CECA Grad Rate 12 86	100	99⅜	99⅞	0	+0⅜	11.33
CECA 11⅝ 90	50	99½	100½	0	+1⅛	11.60
CECA 11½ 88	100	100⅝	101⅛	+0⅛	+0½	11.31
Citicorp O/S Fin. 10 86	300	96⅝	97⅛	−0⅛	+0⅞	10.73
Continental Grp. 9⅞ 86	100	92⅞	93⅜	+0⅜	+0⅜	11.26
Con. Illinois O/S 9¾ 86	150	95⅝	96⅛	−0⅛	0	10.72
Denmark 11¾ 90	100	100	100½	0	+0⅛	11.70
Dome Petroleum 13½ 92	50	103⅞	104⅜	−0⅛	+0⅛	12.78
EEC 11 85	75	96¼	96¾	0	+0¼	11.49
EIB 11¾ 92	80	99⅜	99⅝	−0⅛	+0⅛	11.83
EIB 13¾ 90	100	106⅞	107⅜	+0⅛	+0⅞	12.44
Eksportfinans 11¼ 87	50	100½	101	0	+0¼	11.05
Eksportfinans 9½ 87	75	94½	95	−0⅛	−0⅛	10.60
Elec. de France 10 88	125	96¾	97¼	0	+0½	10.57
Export Dv. Cpn. 9¾ 84	150	97¼	97¾	+0¼	+0½	10.61
Export Dv. Cpn. 12¾ 87	100	107⅛	107⅝	+0⅛	+1⅞	11.14
Export Dev. Cpn. 9½ 86	150	96⅝	97⅛	−0⅛	0	10.24
Federal Dev. Bk. 12⅛ 85	75	104	104½	−0⅛	+0½	11.05
Fin Exp. Credit 10½ 85	50	98⅛	99⅛	0	+0⅛	10.77
Finland, Rep. of 9½ 86	100	93⅜	93⅞	0	+0⅛	11.04
Ford O/S Fin. 12⅜ 85	250	100⅛	100⅜	−0⅛	+0⅜	12.45
George Weston 13½ 87	30	103	103½	0	+0⅞	12.75
GMAC 9¼ 86	100	93⅛	93⅝	−0½	+0⅛	10.78
GMAC O/S Fin. 11 84	100	99⅞	100⅜	−0⅛	+0¼	10.92
GMAC O/S Fin. 13⅜ 85	100	106¼	106¾	+0⅛	+0⅜	11.49
Goodyear O/S 12½ 87	75	99⅛	99⅝	−0⅛	+0½	12.60
Hudson's Bay 11½ 90	75	98⅞	99⅜	+0⅛	+1	11.65
IBM Canada 10½ 85	50	100¼	100¾	0	+0½	10.36
ICI Fin Ned. 11 83	100	100⅝	101⅛	−0⅛	+0⅞	10.61
McGraw 13½ 85	75	102⅞	103⅛	+0⅛	+0⅞	12.60
Norwest Ind. 13⅝ 87	50	101½	102	−0⅛	+0½	13.19
Pembroke Capital 9⅝ 87	100	95⅜	95⅞	+0⅛	+0⅛	10.54
Pemex 11½ 88	100	98½	99	0	+0⅜	11.75
Quebec, Hydro 11½ 92	100	98	98½	+0⅛	+0⅞	11.77
Roylease Ltd. 11¼ 85	50	100⅞	101⅜	−0⅛	+0¼	10.93
SNCF 12⅜ 85	50	104⅞	105⅜	0	+0½	10.93
Swed. Ex. Cred. 12½ 85	40	103⅜	103⅞	0	0	11.45
Sweden 9¾ 84	100	97¼	97¾	0	+0½	10.52
World Bank 9¾ 85	200	98⅛	98⅝	−0⅛	0	10.18
World Bank 10¼ 87	300	98¼	98¾	−0⅛	−0⅛	10.56
Average price changes .. On day 0 on week +0½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102½	103½	0	+0⅞	8.57
Australia 8½ 90	250	102¼	103	+0⅛	+0⅜	7.72
BFCE 7¾ 87	100	99	99¾	−0⅛	−0⅛	7.86
BFCE 8⅛ 95	100	99¼	100	−0⅛	0	8.16
Brazil 8 87	150	93¾	94¼	0	0	9.19
CECA 7 91	150	94¼	94⅞	+0⅞	+2½	7.77
Council of Eur. 7¼ 89	100	94⅞	95⅜	0	+1¼	8.02
Denmark 7⅞ 86	100	97⅞	98⅞	+0½	+0¼	8.23
Denmark 8¼ 92	100	98¾	99¾	0	+0¼	8.34
EEC 7⅞ 94	225	98½	99¼	+0¼	+0½	8.00
EIB 7½ 89	200	96⅝	97⅜	+0⅛	+0½	7.98
Finland Rep. of 8 86	150	98⅞	99⅜	0	0	8.14
Kobe, City of 7⅛ 89	150	95	95¾	−0⅛	−0¼	7.84
Kobe, City of 8 90	100	100½	100⅞	+0⅛	0	7.92
Mt. Bk. Denmark 8½ 90	150	99⅞	100⅝	+0⅜	+0⅜	8.46
Norway 7½ 85	250	99⅝	100½	+0⅛	+0½	7.48
OKB 7¾ 89	100	95⅞	96⅜	−0¼	+0½	7.95
Oslo, City of 8¾ 90	80	102	102½	−0⅛	+0⅛	8.39
Sweden 9¼ 87	200	107⅛	107⅞	+0⅜	+0½	8.24
World Bank 7¾ 91	400	97⅜	98⅛	+0⅜	+0⅜	8.03
World Bank 7⅞ 90	250	98½	99¼	+0⅛	+1	8.04
World Bank 10 86	150	108⅝	109⅛	+0⅜	+2⅛	8.04
World Bank 10 90	200	111⅛	111⅞	−0⅛	+0⅞	8.24
Average price changes... On day +0⅛ on week +0⅜						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	0	+0¼	6.36
Bergen, City of 4¾ 91	40	95⅝	96¼	+0¼	+0¾	5.24
Bergen, City of 6 90	50	103¾	104¼	0	+0⅝	5.48
BNDE 5 89	75	85¾	86¼	0	−1¼	7.09
BMW Overseas 4¾ 91	100	93	93½	+0¼	+1½	5.05
Buhrm'n-Tetterode 7 90	40	105¼	105¾	0	+0¼	6.23
Caisse Nat. Tele. 4⅝ 89	100	95	95½	0	+0½	5.04
Copenhagen 4½ 91	60	91	91½	−0¼	0	5.57
Council of Eur. 5 89	100	94¾	95¼	+0¼	+0¼	5.70
Denmark 5¾ 90	80	100½	100⅝	+0¼	+0¼	5.70
EIB 4½ 91	100	†92	92½	+0¼	+0½	5.46
EIB 4⅝ 94	100	88	88½	+0½	+0⅛	5.80
Elet. de France 4⅝ 89	100	94⅞	95⅜	+0⅛	0	6.06
GZB 4¾ 89	100	92	92½	−0½	+0¼	5.33
Hilti 4½ 91	35	†94	94½	−0½	−0½	4.92
Int.-Amer. Dev. 4½ 89	100	92½	93	+0½	0	5.54
Int.-Amer. Dev. 7 90	80	106½	107	−0½	+0¼	6.08
Jutland Tele. 5½ 90	50	100½	101	0	0	5.39
Malaysia 5 89	80	†89	90	+0¼	−0¼	6.54
Newag 5¾ 90	80	102	102½	−0⅛	+0¼	5.45
Nippon Tel. & T. 4¼ 89	100	94⅝	95⅛	+0⅛	+0¼	4.95
Nordic Bank 5 89	45	98	98½	+0¼	+2¼	5.25
Norges Komm. 4⅜ 91	100	92⅞	93½	−0⅛	+0¼	5.19
OKB 4⅞ 91	100	92	92½	+1	+1⅞	5.30
OKB 6 90	100	103¾	104¼	−0½	0	5.47
Oslo, City of 4⅜ 91	100	90¾	91¼	+0¼	+1¼	5.46
Sekisui Pre. Hms. 6 90	80	102⅞	102⅞	−0⅛	+0¼	5.65
Shikoku El. Pwr. 4¾ 89	100	95½	96	−0½	0	5.35
World Bank 4⅝ 89	100	98	98½	0	0	5.15
World Bank 4⅛ 89	150	92¼	92¾	0	+0⅛	5.45
World Bank 4⅝ 91	100	†93	93½	−0⅛	0	5.44
Average price changes... On day +0¼ on week +0⅜						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	92⅞	+0¼	−0⅜	8.38
Australia 6½ 88	20	87⅝	88⅛	+0⅛	−0½	8.71
EIB 7¾ 89	12	97	98¼	0	+0⅝	8.12
Finland 5.6 83	10	91⅜	92¼	0	0	8.62
Finland 6.8 88	10	88⅛	89½	+0⅞	0	8.85
Finland, Rep. of 8¾ 87	15	97⅞	98⅝	0	−0¼	8.84
Average price changes... On day +0¼ on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	95⅜	96⅜	+0⅛	+0½	11.86
CIBC 13½ 85 C$	50	103⅞	104⅜	0	+0¼	12.29
CIBC 11⅛ 85 C$	80	98¼	98⅞	0	+0¼	11.95
Cr. Foncier 10⅜ 84 C$	30	†93	94	+0¼	+1	12.43
Federal Dev. 11½ 90 C$	60	97⅛	97⅝	+0⅛	+0⅛	11.96
Fst. Can. Inv. 10 84 C$	50	94	94½	−0⅛	0	11.93
GMAC 12 85 C$	50	†99	99½	0	0	12.20
R. Bk. Canada 10 86 C$	40	94¾	95¼	+0⅛	+0¼	[illegible]
Tordom Cpn. 13½ 85 C$	30	103¾	104¼	+0⅛	0	12.33
M. Bk. Dnmk. 9 91 EUA	25	94	95¼	0	+0⅛	9.79
SOFTE 8¼ 89 EUA	40	86¾	88	0	+0⅛	10.61
U. Bk. Nrwy. 9½ 90 EUA	18	98	99¼	0	+0¼	9.71
Algemene Bk. 8¾ 84 Fl	75	96¼	96¾	+0⅛	0	9.28
Algemene Bk. 10¼ 87 Fl	400	99⅞	100⅜	0	+0⅛	10.22
Ned. Gasunie 8½ 84 Fl	50	100	100½	−0⅛	+0⅛	8.67
Ned. Middbk. 8¾ 84 Fl	75	96⅜	96⅞	+0¼	+0⅛	9.34
Norway 8¾ 84 Fl	100	96⅜	96⅞	0	−0⅞	9.23
Philips Lamps 8¾ 84 Fl	75	96¼	96⅞	−0⅛	−0½	9.39
Air France 11 84 FFr	120	95¼	96¼	0	+0⅝	12.39
CECA 14¾ 86 FFr	150	105¾	106⅞	0	+0¼	12.61
Euratom 9¾ 87 FFr	150	85¾	86½	0	+0¼	12.96
Finland 11 84 FFr	80	94¾	95½	0	+0¼	12.58
Finland 11½ 89 FFr	70	92¼	94	0	+0¼	12.73
Gaz de France 11 84 FFr	150	94¾	95¾	0	+0¼	12.53
IBM France 11¾ 84 FFr	120	97¾	98¾	0	+0¼	12.51
Renault 9¾ 85 FFr	100	86¾	88	0	+0¼	13.38
Saint-Gobain 9½ 86 FFr	130	85⅞	86⅞	0	+0⅛	13.22
Solvay et Cie 9¾ 87 FFr	125	84¾	85¾	+0¼	+0⅛	13.18
Beneficial Fin. 14¾ 90 £	20	100⅞	101⅞	+0⅛	+0⅞	14.01
Citicorp O/S 13½ 90 £	50	99⅜	100⅜	+0⅛	+0⅛	13.49
EIB 11¾ 91 £	25	93¾	94	−0⅛	+1⅛	12.60
Fin. for Ind. 12½ 89 £	30	95½	96¼	+0⅛	+0⅛	13.31
Fin. for Ind. 14½ 88 £	20	102⅞	103¾	0	+0⅛	13.74
Gen. Elec. Co. 12½ 89 £	50	97⅜	98¼	0	+1	12.86
Swed. Ex. Cr. 13½ 85 £	20	104¼	105	+0⅛	+1⅛	13.81
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.79
Mitsubishi 7½ 84 KD	10	†92¾	93	0	0	9.78
Norges Kom. 7½ 89 KD	12	†93⅞	93⅞	0	0	8.56
Occidental 8½ 91 KD	7	†90¼	90¾	0	0	9.70
Akzo 9¾ 87 LuxFr	500	95	96	0	+0⅛	10.13
Euratom 8 87 LuxFr	500	89¼	90½	0	−0⅛	10.31
Euratom 9¾ 88 LuxFr	500	89¾	89¾	0	+0⅛	9.97
EIB 9¾ 88 LuxFr	600	97¼	98¼	0	+0⅛	10.07
Volvo 9¾ 87 LuxFr	500	96¾	97¾	0	−0⅛	10.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	97¾	98¼	2/1	10.44	10.69
Bank of Ireland 5¾ 89	‡0¼	98	98½	21/8	11.81	12.02
Bank of Tokyo 5¾ 89	‡0¼	97½	97⅞	25/10	16.88	16.97
Barclays O/S Inv. 5 90	0¼	97⅞	98⅜	13/12	9⅝	9.81
Bergen Bk. A/S 6 89	‡0¼	97⅝	97⅞	28/8	10	10.27
Bilbao Int. NV 5¾ 90	0¼	96¾	97¼	29/11	10.06	10.38
Bque. Indo Suez 5¾ 89	0¼	98⅛	98⅝	11/12	9⅝	9.78
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98	98½	30/7	9.69	9.86
C. Itoh 5¾ 87	0¼	99½	100	18/9	19.44	19.49
Co-operative Bk. 6 85	0¼	98¼	98¾	15/11	11.44	11.61
Creditanstalt 5½ 91	§‡0¼	96⅞	97⅜	14/9	9.44	9.72
CNT 5¾ 86	§0¼	100⅜	101⅛	16/10	18¼	17.97
GZB 5¾ 89	‡0¼	98	98½	1/8	15¼	15.62
Jugobanka 8 89	0⅞	90¼	92¼	23/11	11¼	12.74
Ind. Bank Japan 5¾ 87	0¼	100⅛	100⅝	15/10	18⅞	18.88
Lloyds Eurofin 8 90 £	0¼	97¼	97¾	3/1	15⅞	16.17
LTCB Japan 5¾ 88	0¼	98¼	98¾	13/12	9¾	9.77
LTCB Japan 5½ 89	0¼	98¾	99¼	7/12	10⅛	10.29
Mfrs. Han. O/S 5¾ 94	‡0¼	97¼	97¾	31/8	9⅞	10.13
Midland Intl. Fin. 5 89	0¼	99⅜	99⅞	20/12	9½	9.56
Midland Intl. Fin. 5¼ 92	0¼	98⅞	99	6/12	10⅝	11.01
Nacional Fin. 6¼ 88	0¼	98⅛	98⅝	25/7	14.69	14.97
Nat. West. 5¾ 94	§0¼	99⅞	100⅜	11/10	18⅝	18.60
Nippon Credit 5¾ 88	0¼	97⅝	97⅞	12/7	14.44	14.83
Nippon Credit 5¾ 87	‡0¼	97⅝	98⅛	6/8	14⅛	14.57
Royal Bk. Scot. 5¾ 94	§‡0¼	98⅝	98⅞	11/7	19⅝	19.77
Soc. C. de Bque. 6½ 87	0¼	100¼	100⅝	3/10	20.06	19.99
Sogenal 5¾ 89	§0¼	97⅞	98⅜	13/7	14.44	14.71
Standard Chart. 5¾ 90	0¼	100⅜	101⅛	6/9	17⅛	17.10
Sweden 5¾ 91	‡0¼	96⅝	97⅛	18/10	18⅝	19.22
Williams & Glyn 5¾ 91	0¼	99⅜	100⅛	14/9	18⅞	18.92
Bq. E. d'Alg. 6½ 89 SF	0¼	†89	90	18/12	6⅛	6.89
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
AGA Akt'bolag 7¾ 89	10/79	145	†118	119	−1	−7.38
Ajinomoto 7½ 95	2/80	615.5	110¾	111¾	0	−4.18
Alco Int. Fin. 9½ 94	1/80	40	92½	94	−0¼	28.62
Apache 1. Fin. 8¾ 95	12/80	21.12	113¼	114¾	+0¼	−3.58
Asahi Optical 7 94	11/79	526.1	101	102	+0½	−1.32
Canon 6¾ 94	8/79	570	110¼	111¼	+0½	0.12
Credit Suisse 4¾ 93	10/79	1278	103¾	105¼	+0⅛	−3.48
Daiei Inc. 6½ 94	11/79	927.3	97¾	98¼	−0¼	17.37
DDKK 11 90	4/80	324	112	113	+1½	12.39
Dynalectron 9½ 95	8/80	12.22	114	115¼	+0¼	−8.87
Ensearch Fin. 9¼ 94	7/80	30.25	121½	122¾	−0¾	2.33
LPC Internatnl. 8 89	9/78	23.33	†114	115	+5	1.76
Meidensha Elec. 7 94	12/79	210	105	106½	−0¾	4.78
Mitsubishi Cp. 6½ 94	10/79	549.1	125½	127	−0¾	2.14
Nippon Seiko 7¾ 94	12/79	339	†111¼	112¾	0	−2.67
Nitto Elec. Ind. 6 94	7/79	735	86¾	87½	+0¾	5.06
Toshiba Cpn. 7¾ 94	10/79	198	103	103¾	+0¼	1.88
Union Bk. Switz. 5 89	2/80	121.4	98¼	99¼	+0⅛	6.22
Fujitsu 5 84 DM	7/79	475	101¼	102¼	+1¼	6.18
Kansai Elec. 4 84 DM	4/79	1234	87¾	88¾	+0¾	41.08
Uny Co. 6½ 85 DM	11/79	1071	96¾	97¾	0	26.48

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FRENCH CHEMICAL RESHUFFLE

CFP demands half of Rhone assets

BY DAVID WHITE IN PARIS

COMPAGNIE FRANÇAISE des Petroles (CFP), France's largest oil group, has publicly demanded an equal share in the basic chemical interests which the State-controlled Elf-Aquitaine is to acquire from the Rhône-Poulenc chemical concern under the FFr 1.75bn ($434m) deal announced on Wednesday.

CFP's demand, based on what officials called the "threat of insidious nationalisation," provoked an alarmed response for Elf-Aquitaine, which had earlier announced its willingness to discuss the deal with CFP before giving its final signature.

The two companies have since 1971 been partners in Ato-Chimie, a joint venture bringing together most of their interests in petrochemicals and major intermediate products.

The Elf-Aquitaine management yesterday was clearly upset that CFP should jump the gun by publicising its negotiating stance before talks had been started on the future organisation of the assets being sold by Rhône-Poulenc.

CFP's position is that Elf, if it maintains control of the new chemical interests, would be going against the Government's policy of reducing the state's role.

The French state holds 70 per cent of Elf-Aquitaine and 40 per cent of the voting rights in CFP, which is better known by its group trading name, Total.

The Government has said it wants to cut back its shareholding in Elf.

About half of the Rhône-Poulenc group's extensive interests in petrochemicals and polymers are being sold, partly to the French subsidiary of BP —FFr 100m worth—but mostly to a new company in which Elf will hold 80 per cent and Rhône the remaining 20 per cent.

CFP is therefore in effect asking for a 40 per cent stake in this company, on a par with Elf. Its stance also makes clear that it intends to maintain the 50-50 shareholding structure of Ato-Chimie, should the new interests be brought into that group.

Ato-Chimie makes a range of base chemicals, including ethylene, styrene, propylene and butadiene, and plastic materials including polyvinyl chloride (PVC). These largely overlap with the manufacturing facilities now due to come under Elf's control, which include virtually the whole of Rhône-Poulenc's PVC production cycle and a half share—with BP—in the Naphtachimie petrochemical concern.

The latter was previously 57 per cent controlled by Rhône-Poulenc.

Ato-Chimie's worldwide sales totalled FFr 7.9bn last year of which the French chemical activities accounted for FFr 5.6bn. This is roughly the same as the 1979 turnover (FFr 5.4bn) of the assets which Rhône-Poulenc is selling.

Seat search for partner widens

By Our Madrid Correspondent

FRANCE has expressed an interest in possible participation in the Spanish Seat car company which is currently looking for new partners to replace Fiat. The interest was expressed by M. Raymond Barre, the French Prime Minister, in the course of a one day visit to Madrid.

M. Barre is reported to have questioned Sr. Adolfo Suarez, the Spanish Premier, over the future of Seat after the decision last May by Fiat not to subscribe further capital in its Spanish associate. The subject apparently was raised again at a meeting between officials of the two countries held in the Industry Ministry which was attended by representatives of the Instituto Nacional de Industria (INI), the Spanish state holding company, Seat's major shareholder.

The French interest is said to have come as a surprise to the Spanish Administration. Renault, Peugeot and Talbot all operate in Spain and INI had hitherto refrained from approaching French companies after the break-down of relations between Fiat and INI.

Seat's most successful contact so far has been with Toyota, and a team of executives from the Japanese company arrived in Madrid earlier this week. This is the second visit by Toyota executives to Seat while INI officials have travelled twice to Japan since the Fiat decision. An INI official described the Toyota talks as "mature."

In this meeting with Sr. Suarez, the French Prime Minister reportedly asked whether Spain had a specific interest in Japanese firms participating in Seat. Senor Suarez is said to have outlined official policy on priorities whereby Spain had expressed greater interest in reaching an agreement with a European car multinational. INI has maintained contacts with Volkswagen parallel to the Toyota talks.

Electrolux buys German concern

BY WILLIAM DULLFORCE IN STOCKHOLM

ELECTROLUX, the Swedish household appliances group, is acquiring Progress, a West German vacuum cleaner manufacturer, for an undisclosed sum. The purchase will strengthen its position in the German retail market for vacuum cleaners, Electrolux said. The takeover is subject to the approval of German and Swedish authorities.

Progress, a family-owned company, had a turnover of about SKr 250m ($60m) last year. It produces higher priced cleaners and has 15 per cent to 20 per cent of the German market. It operates two factories in the Stuttgart area and one in France, has an extensive sales network and employs about 800.

Progress also markets a wide range of small electrical appliances which Electrolux described as "an interesting product area" for the Swedish company.

Electrolux sold 5.6m household vacuum cleaners worldwide last year and is believed to be the world leader, ahead of U.S.-based Hoover which does not publish figures for its cleaner sales.

In 1974 Electrolux bought a majority interest in National Union Electric Corporation, a leading household vacuum cleaner manufacturer in the U.S., and in 1976 it took over Tornado, the French vacuum cleaner company.

Electrolux already has two distribution networks in West Germany, one for door-to-door selling and the other at the retail level.

Sales of all Electrolux products in West Germany, however totalled only SKr 733m or 4.8 per cent of group turnover last year compared with sales of a little more than SKr 2bn in France and SKr 1.2bn in the UK. It has long been known that Electrolux was seeking to advance its position in the German market.

Last year the Electrolux group turned in pre-tax earnings of SKr 915m on a SKr 15.14bn turnover and has forecast a 10 per cent profit advance in 1980.

Swiss hotel chain to expand by acquisition

BY BRIJ KHINDARIA IN GENEVA

MOVENPICK, the Swiss restaurant and hotel chain plans to double its size during the next five years through acquisitions in North America, Europe and the Middle East.

Despite a slight slowdown in activity, the holding company increased net profit by 7.4 per cent to SwFr 3.61m ($2.25m) in 1979 and raised its dividend from 14 to 15 per cent.

Mr. Ueli Prager, the chief executive, said in Zurich that important changes were being made in the company's decision-taking structure. Specific projects for expansion have been developed for the next five to seven years.

The company runs the largest chain of hotels and restaurants in Switzerland. It also owns restaurants and holds hotel management contracts in France, West Germany, U.S., Canada, Japan and Saudi Arabia. Germany is seen as the main area for future growth.

Movenpick group turnover rose by 7.4 per cent to SwFr 404m ($252m) for 1979. Net profit improved by 22 per cent to SwFr 6.13m, having dipped 10 per cent in 1978. Cash flow fell by 5.7 per cent to SwFr 20.8m last year.

Preussag sees second-half slowdown

By Our Financial Staff

PREUSSAG, the West German metals, steel and construction company, has seen an improvement in its operations in the first five months of 1980. However the company does not expect the second half earnings to be as satisfactory.

Herr Gunther Sassmannshausen told the annual meeting yesterday that the uncertain economic outlook and the weakening metals sector would influence second half results.

However profits for the year were expected to be satisfactory. Last year group net profits jumped from DM 24.9m to DM 52.1m ($29.9m).

Pirelli increases dividend

BY RUPERT CORNWELL IN ROME

PIRELLI SpA, the main holding company of the Italian tyre group, plans to pay a dividend for the financial year to last April 30 of L60 (7.2 cents) per share, compared with a distribution of L45 for fully ranking stock in the 1978-79 financial year.

The move effects an increase in net profit to L7.6bn from L6.9bn the previous year. The earnings improvement is essentially the result of reduced losses on participation by Pirelli SpA and lower risk provisions.

The principal operating company of the group, Industrie Pirelli, the Italian partner in the Dunlop/Pirelli union, managed to reduce its losses last year to L18.5bn ($22.2m) from L28.5bn in 1978, but it is still affected by the difficulties facing most major tyre producers.

Dumez buys U.S. group

PARIS—The Dumez group of France has bought a U.S. public works company—Payne Keller of Houston, Texas. Payne Keller has an annual turnover of about $150m. Terms of the takeover were not disclosed. Dumez, a major French public works and construction group, has orders totalling FFr 5bn ( ) and it expects an increase of 20 per cent in turnover this year from the 1979 total of FFr 2.67bn.

AP-DJ

SCHERING'S U.S. EXPANSION

A cautious third effort

BY LESLIE COLITT IN BERLIN

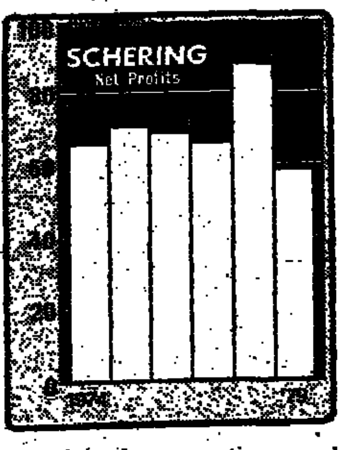
THIRTY FIVE years ago the Schering pharmaceutical and chemical company in Berlin was on its back along with the rest of German industry. Its six factories in Germany were reduced to rubble and whatever remained was carted away by the Soviet Union. The company's 30 foreign subsidiaries were lost along with all foreign patents and trade marks.

At this bleak point Schering and many other German companies applied for and received European Recovery Programme loans under the Marshall Plan. These enabled the company in 1947 to resume production and exports of pharmaceuticals, agrochemicals and electroplating chemicals.

Today Schering's immediate post-war relationship with the U.S. has been reversed. The company has five U.S. subsidiaries which this year are expected to contribute no less than one-sixth of group sales—DM 500m ($290m) from a total turnover of nearly DM 3bn.

Schering's expansion in the U.S. marks the third time it has entered that market. In 1876 the Schering and Glatz Company was founded in New York as a distributor of the Berlin company's products but was abandoned during the First World War. In 1929 the Schering Corporation was established in New York to distribute pharmaceuticals. However, it was taken over in 1942 by the U.S. Alien Property Custodian and the shares were sold to the public in 1952. Since 1970 this operation has been a division of the Schering-Plough Corporation in New Jersey, which is not connected with Schering AG in Berlin.

Schering's re-entry into the U.S. has been cautious and step-by-step, much the same as other German companies. In the early 1950s, after Schering had built new production facilities in West Berlin and West Germany, the company licensed its products to several leading U.S. pharmaceutical and chemical companies.



An affiliate, Berlin Laboratories, was established in the 1960s for clinical research and in 1969 NOR-AM Agricultural Products was founded in Chicago to develop and distribute pesticides in the U.S.

The first post-war acquisition by Schering of a U.S. chemical producer was in 1976 when it took over Nepera Chemical Company in Harriman, New York, from Warner Lambert. In 1978 Schering bought the chemical products division of Ashland Oil which it renamed Sherex Chemical Company. In November 1979 it purchased the internal medicine division of Cooper Laboratories and named it Berlex Laboratories.

Herr Karl Otto Mittelsten-scheid, chairman of Schering's executive board, said the company did not expect that its U.S. subsidiaries to yield profits "for some time," and so there was no disappointment because of the lack of returns.

Herr Horst Kramp, the Board member in charge of Schering's U.S. operations, explained that the parent company would continue to invest in its U.S. subsidiaries over the next few years.

"We won't think about returns during this period," he confirmed. However, Herr Kramp said he and his fellow Board members were fascinated by the profit orientation of their U.S. managements. "They want profits right away while we are more for the longer-haul approach."

He pointed out that Schering's NOR-AM subsidiary was different from other German-owned companies in the U.S. as it was a marketing organisation for the parent company's agrochemicals. It has field research stations in Illinois, California and Florida which test pesticides newly developed in the Berlin laboratories on crops ranging from tobacco and peanuts to corn and soya beans. One of the main projects is to develop a defoliant for cotton plants to facilitate machine harvesting. The acquisition of NOR-AM illustrates the company's careful approach to the U.S. market. NOR-AM was founded as a joint venture with Morton-Norwich Products of Chicago and only in 1976 did it become wholly owned Schering subsidiary.

Last year's takeover of Cooper's internal medicine division was motivated by Schering's plan to introduce new pharmaceutical products to the important U.S. market. The company was unable to achieve this goal through its 50 per cent interest in Knoll Pharmaceutical Company in New Jersey and recently sold its share to the BASF subsidiary, Knoll AG.

Along with the companies, Schering also acquired U.S. executives who largely stayed on with the new owner. At Berlex Laboratories the division head became the new president of the company which expects a turnover this year of $40m.

Nepera Chemical Company was Schering's first production plant in the U.S. after the Second World War. It is one of the world's leading producers of pyridines and their derivatives, which are used in the manufacture of herbicides and pesticides, and had sales last year of $35.4m.

Sherex Chemical Company is prominent in the field of fatty chemicals and is the leading producer of quats, mainly used in fabric softeners and as lubrication agents by the plastics industry. Sales last year were $114m.

In February of this year Schering purchased the Chemcut Corporation in State College, Pennsylvania, which produces machinery and equipment for manufacturing printed circuits. All four divisions of Schering now have subsidiaries in the U.S. with their own development and marketing organisations. Only the agrochemicals division does not have production facilites.

Herr Kramp noted that at present Schering was "digesting its U.S. acquisitions and had no immediate plans for further takeovers. However, he added that if Schering found the right U.S. company with factories producing agrochemicals then it "might be interested."

INTL. COMPANIES & FINANCE

Digital watch sales raise profits of Casio Computer

BY YOKO SHIBATA IN TOKYO

CASIO COMPUTER, Japan's largest manufacturer of electronic calculators and its 10 consolidated subsidiaries reported buoyant earnings in the fiscal year ended March 20, helped by strong sales of digital watches and the strength of exports with the yen's depreciation.

Casio's net profits jumped by 42.2 per cent to Y4.77bn ($22m). Sales rose by 33.9 per cent to Y114.29bn ($527m). Per share profits were Y59.89, against Y45.42 a year ago.

The company boosted production of digital watches so far as to lower unit costs and to increase its market share. Costs were lowered in part by importing watch cases from a Taiwan manufacturing subsidiary. It had earlier employed a similar strategy with electronic calculators and now claims 55 per cent of that domestic market.

Sales of digital watches increased by 43 per cent to account for 26.5 per cent of total sales. The company also laid stress on sales of high value added desk top calculators which helped to lift calculator sales by 28 per cent, to account for 64.2 per cent of the total turnover. Sales of office computers increased by 57 per cent to account for 9.3 per cent of the total. The company also has the largest market share of lower- and medium-priced office computers.

The yen's depreciation helped to boost Casio's exports by 47 per cent to 61.2 per cent of total sales.

With the start up of its Yamakata plant from the beginning of this fiscal year Casio increased its manufacturing capacity by 1m calculators and 500,000 digital watches per month.

The company expects to raise its exports of digital watches and calculators through a sales agreement with K-Mart, the U.S discount store chain.

For the current fiscal year ending March 20 1981, net profits are expected to reach Y5.5bn, up 15 per cent, on forecasted sales of Y147bn, up 29 per cent from last year.

Of the 10 consolidated subsidiaries, three are overseas—Casio Inc. in the U.S., Casio Electronics Company in the UK and Casio Computer Company in West Germany.

The Casio parent company reported in May net profit for the fiscal year ended March 20 of Y3.8bn, up 36 per cent, on sales

Sharp gain for Arab investor

BY JAMES BUXTON

THE ARAB Investment Company (TAIC), a Riyadh-based concern owned by 15 Arab governments, has reported a sharp increase in operating profit, before adjustments, from $7.7m in the year ended December 31, 1978 to $17.4m in 1979. Gross assets rose by 32 per cent from $331.2m to $439.5m.

TAIC was set up after the 1973 oil price rises to direct funds from the oil-rich Arab states into investments in the Arab world, predominantly poorer, non-oil exporting countries.

Bridge

In the 1979 annual report Mr. Abdul-Rahman al-Sai, the director general, says that TAIC "was designed to apply commercial criteria and secure commercial returns in furtherance of non-commercial objectives. Those objectives relate to the development of the Arab world; and not exclusively economic development, because economic development depends upon development in a host of other areas."

TAIC, he says, has acted as a bridge between the technical skills and methods of the developed nations and the capital, human and market resources of the Arab nations.

TAIC has a paid up capital of $290.5m. Of its assets at December 1979 about $232m were equity and loans in the Arab world, compared with $205m in 1978. No new equity stakes were taken in 1979. At the end of 1979 about 149.7m was held in short-term and marketable securities. Interest accounted for $29.2m out of operating income of $31.4m in 1979.

Its biggest equity investment is its stake, amounting to 14 per cent last December, in the Kenana Sugar Company in Sudan. The stake was worth $21.76m and loans to Kenana amounted to a further $48.25m.

The company has important equity investments in Morocco, Tunisia, Jordan and Egypt and minor operations in Syria and North Yemen. It is also involved through syndicated loans in some of the richer Arab states, including Saudi Arabia where it also has a hotel project, Kuwait, the United Arab Emirates, Oman and Bahrain.

The company says it is about to decide on new projects in Tunisia Oman, Jordan, Saudi Arabia and North Yemen, and is conducting feasibility studies on schemes in Bahrain, Sudan, Syria, Somalia and elsewhere.

Resigned

Although Mr. al-Sai does not directly say so in his report he has recently and publicly expressed disappointment at the lack of receptiveness to much new investment by many of the poorer Arab countries. In many cases even though investment codes have been drawn up, Arab and other investors have found projects bogged down by bureaucratic red tape and by the need frequently to go into partnership with poorly-run state institutions or ministries.

Last week it was announced that Mr. al-Sai, a Bahraini experienced in U.S. banking, had resigned from TAIC after four years service. He told the Middle East Economic Digest that it was "good for a company and good for a man to have a change."

Domestic growth boosts Koor

BY L. DANIEL IN TEL AVIV

KOOR, the Israeli industrial conglomerate owned largely by the Israel Labour Federation (Histadrut), finished 1979 with a pre-tax profit of I£2bn ($40m) on a turnover of I£33bn ($675m). This compared with a 1978 pre-tax profit of I£1.4bn. The turnover figure represented a gain in real terms of 6.3 per cent.

A total of I£700m will have to be paid to outside partners (in Israel and abroad), leaving an after-tax profit for Koor of I£1.06bn compared with I£600m a year earlier.

Most of last year's growth in sales was on the local market, with exports static at $280m because of the loss of the important Iranian market. But this year, the company expects to reach exports of $320m, and to double this figure by 1984, helped by investments and emphasis on high technology. Last year's investments totalled I£2.4bn compared with I£1.1bn in 1978.

The company will pay an unchanged dividend of 6.5 per cent.

Commenting on the present situation, Mr. Naftali Blumenthal, the managing director, said that trends had been reversed, with home market sales down by 13 per cent in the first half of 1980, while exports at $160m were up 10 per cent in real terms.

As a productivity incentive Koor will pay 12,000 of its 27,000 employees bonuses. Only workers in enterprises the profits of which justify such distribution will receive the bonus.

* * *

THE INVESTMENT company of Israel Discount Bank, the country's third largest bank, has formed a company with a South African group, headed by Mr. M. Kaplan, the industrialist, to invest in development projects in Israel. It will be known as DBIC International and will have an initial capital of $1m, with each side contributing half.

The company will both initiate new enterprises and assist in the expansion of existing ones, in the fields of industry, tourism and infrastructure for which it will mobilise foreign investors. It will also provide investment and other economic and financial counselling service.

Israel Discount Bank Investment Company has for years been actively involved in the establishment and development of high-technology enterprises, several of which have become companies with exports running into millions of dollars each, particularly those in the field of metal-working and electronics.

Gain at Mitsui Smelting

JAPAN'S Mitsui Mining and Smelting Company reported a consolidated net profit of Y4.47bn ($20.5m) in the fiscal year ended last March, compared with a net loss of Y6.364bn a year earlier.

Mitsui attributed the improved performance to higher prices of non-ferrous metal in overseas markets and increased sales volume. The higher sales offset a rise in fuel costs and added interest burdens, it said.

Consolidated sales totalled Y310.426bn ($1.4bn), a 55.2 per cent increase from Y200.059bn the preceding year. Per-share profit was Y9.19 against a per-share loss of Y13.9 a year earlier.

AP-DJ

OVERSEAS COMPANIES

FERA cuts operations in India

BY K. K. SHARMA IN NEW DELHI

THE ASSETS of foreign companies operating in India rose by more than a third between 1973 and 1979 to Rs 240m (around $30m), from Rs 179m, although the number of such companies fell by 37 per cent, to 358 from 571. At the same time profitability fell, it is revealed by an Indian Department of Company Affairs study.

The figures take into account the companies that have set up operations in the country since 1973. The companies that have closed down Indian operations have done so largely as a result of the Foreign Exchange Regulation Act (FERA).

FERA requires all foreign companies to dilute their foreign equity holdings to 40 per cent, except in cases of high technology or export oriented units. Companies, the operations of which are confined to trading are required to wind up.

The decline in the number of foreign companies was most pronounced in the case of the British, which came down from 319 in 1973 to 189. The number of U.S. companies declined by 24, West German companies by seven, Swiss by six and Japanese by four.

All fields of industrial activity were affected although the largest decline was in insurance. The nationalisation of general insurance companies in 1974 caused the number of companies operating in this area to fall from 55 to just five. Processing and manufacturing companies were reduced from 82 to 47.

Although the assets of the foreign companies operating in India have increased—mainly by their being allowed to expand after complying with FERA and with the launching of new companies—their profitability has declined sharply.

Profits before tax equalled 4 per cent of assets in 1974 and, after some fluctuations, dropped to 0.8 per cent in 1979. Profits before tax fell from 5.1 per cent of turnover in 1974 to 3.7 per cent in 1979.

The total turnover of foreign companies has dropped sharply. From a total of Rs 129bn in 1974, turnover plunged to Rs 42bn in 1979.

The sharpest drop took place in 1976, mainly because of the nationalisation of the oil companies, but the decline has continued. In 1977 the turnover was Rs 64bn. It then rose to Rs 69bn the next year but dropped to Rs 42bn last year.

Foreign companies engaged in tea plantations and in the drug and pharmaceutical industries earned much higher profits than the average for all companies.

Profits before tax as a percentage of assets and turnover of the companies in the drug and pharmaceutical industry were relatively high, at 55.2 per cent and 29.7 per cent respectively, in 1979. For the tea industry it was 10.7 per cent and 12 per cent respectively.

Profits before tax as a percentage of assets of the foreign companies in 1978 was lower than that of large Indian companies. The ratio for the foreign companies was 2.7 per cent as against 5.4 per cent for Indian companies.

Profits before tax as a percentage of turnover of the foreign companies, on the other hand, was higher than that of the large Indian companies at 7.3 per cent for the foreign companies and 4.9 per cent for the Indian.

APPOINTMENTS

Group chief for Hogg Robinson

Mr. T. L. F. Royle, a Board member, has been appointed group managing director of HOGG ROBINSON GROUP.

★

GUINNESS MAHON AND CO. announces that Mr. D. J. Ewart has been appointed deputy chairman.

★

Mr. Jim Stevenson has been appointed chief executive of BELL-FRUIT MANUFACTURING CO. He succeeds Mr. J. W. E. Johnson, who has been with Bell-Fruit for 15 years. Bell-Fruit is a member of the leisure diivsion of Cope Allman International.

★

Mr. W. Philip Appleyard has been appointed chairman and a director of OCEAN RESOURCES, London.

★

Mr. Desmond Craigen has been appointed chairman of AIR CLAIMS GROUP, succeeding Mr. Geoffrey Bowler who remains on the Board. Mr. Geoffrey Nicholson has been appointed group secretary in succession to Mr. Clifford Pollard.

★

Mr. David James Kings is leaving the Board of T. E. K. RUBBER AND PLASTICS, and subsidiary companies, to take up a new appointment with GULF ARABIA SERVICES.

★

Mr. A. C. Kingsnorth has been appointed a director of HARTLEY COOPER AVIATION insurance brokers.

★

Mr. B. A. Solomon has joined the Board of THROGMORTON TRUST.

★

Mr. Gordon Gilbank has been appointed managing director of SSP PUMPS, Eastbourne, part of the Mono Group. He takes over from Mr. Reg Lee, founder of the company, who is retiring. Mr. Lee is being retained as a consultant on the SSP Board.

★

Mr. Bernard Wright (Barrett and Wright) has been elected president for 1980-81 of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION. Mr. W. D. (Don) Fisher (Fisher Group) has been elected senior vice-president and Mr. Albert McVean (Alexander and McVean), junior vice-president.

★

THOMSON BRITISH HOLDINGS, the principal UK subsidiary of International Thomson Organisation, has made the following management changes: Mr. E. G. Hedgecock has succeeded Mr. G. Hamill as managing director and chief executive of Thomson Land and Properties. This appointment is in addition to his existing responsibilities. Mr. Hamill becomes non-executive chairman of Thomson Land and Properties. Mr. B. Dadd is appointed director and general manager of Thomson Land and Properties.

★

The following changes have been made in the senior management of HAWKER SIDDELEY GROUP: Mr. F. H. Wood becomes chairman of High Duty Alloys Forgings, Redditch, succeeding Mr. J. M. Durber, who was appointed chairman of Westinghouse Brake and Signal Co. Mr. B. R. Bensly becomes chairman of R. A. Lister and Co. and Petters and Petter Refrigeration, in succession to Mr. F. H. Wood. Mr. Wood, Mr. Bensly and Mr. Durber are all directors of Hawker Siddeley Group.

★

Mr. Mervyn Jones and Dr. Charles Lambert, at present associated members of BUCKMASTER AND MOORE, stockbrokers, will join the partnership on July 11.

★

Mr. W. Ford has been appointed a director of BROWN AND TAWSE TUBES, a subsidiary of Brown and Tawse.

★

Mr. Harold W. Turner, formerly executive chairman of John Myers and Co., the mail order division of the UDS Group, has been appointed managing director of W. H. SMITH'S direct sales operations, including Kaleidoscope, from August 1. Kaleidoscope and other direct sales activities will be run as a diivsion of W. H. Smith under Mr. P. H. Bagnall (managing director of W. H. Smith's staff and services) as chairman of the company formed to manage this division. As well as Mr. Turner, the other directors will be Mr. S. T. Remington, chief executive of Book Club Associates, and Mr. R. N. Thomas, divisional director of W. H. Smith's Retail Distribution Division.

★

Mr. Simon S. Newman has been appointed to the Board of E. H. MUNDY AND CO.

★

The FINANCIAL TIMES advertisement department announces the following internal promotions: Mr. Simon Timmis, overseas advertisement director; Mr. Robin Patteson-Knight, European advertisement director; Mr. Michael Prideaux, UK advertisement director; and Mr. Brian Kelaart, financial advertisement manager.

★

BURNLEY BUILDING SOCIETY has made the following appointments to take effect from September 15 on the retirement of Mr. Kenneth Rushworth as chief executive officer: Mr. J. F. Richardson, chief general manager; Mr. G. S. Danby, Mr. D. H. Booth and Mr. T. J. Webb, general managers; and Mr. A. W. Halstead, secretary.

★

Following the retirement of Mr. George W. Booth, Mr. Gerald S. Halls has been appointed company secretary of ENERGY SERVICES AND ELECTRONICS.

★

The Rapport International Group announces that the directors of the new motor car retailing subsidiary, THE PARK LANE CARRIAGE COMPANY, are Mr. Ian Leaf, Lord Charles Spencer Churchill, Mr. Christopher Humberstone and Mr. Charles Crichton-Stuart.

★

Mr. Brian D. Crosby has been appointed managing director GEC FUSEGEAR, Liverpool.

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Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar soft

The dollar weakened in quiet foreign exchange trading yesterday, and may have received some support from the U.S. Federal Reserve in late trading. Earlier in the day European central banks did not appear to intervene on behalf of the U.S. currency, which tended to move within a fairly narrow range. It moved between DM 1.7360 and DM 1.7495 against the D-mark, before closing at DM 1.7380, compared with DM 1.7410. The dollar fell to Y216.90 from Y218.15 in terms of the Japanese yen, but improved slightly against the Swiss franc to SwFr 1.5970 from SwFr 1.5950. On Bank of England figures the dollar's index was unchanged at 82.8.

Sterling opened at $2.3740-2.3750 and eased to $2.3720-2.3730, but returned to the opening level on the announcement that Bank of England Minimum Lending Rate was unchanged. In the afternoon the pound touched a peak of $2.3765-2.3775 as the dollar weakened generally. A slight improvement by the U.S. currency pushed sterling down to $2.3700-2.3710 towards the close, but it recovered to finish at $2.3750-2.3760, a rise of 25 points on the day. The pound's index, as calculated by the Bank of England, was unchanged at 74.4, after easing to 74.3 at noon and in the morning.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer trend against the dollar following a sharp narrowing of Euro-currency rate differentials —The D-mark showed mixed changes against its partners in the EMS at the Frankfurt fixing, and weakened against the dollar and sterling. The Bundesbank did not intervene when the U.S. currency was fixed at DM 1.7374, compared with DM 1.7362 on Wednesday. Factors such as the German central bank council meeting, and the previous day's meeting of the U.S. Federal Reserve open market committee meeting, had little influence on trading. The pound rose to DM 4.1250 from DM 4.1230. Within the EMS, the French franc improved slightly to DM 43.08 per 100 francs from DM 43.07, and the Dutch guilder to DM 91.46 per 100 guilder from DM 91.41. On the other hand the Irish punt eased to DM 3.75 from DM 3.7570.

FRENCH FRANC—Still the strongest currency within the EMS, in spite of rising inflation and worsening balance of payments position—The French franc lost ground against most major currencies at the Paris fixing. The dollar rose to FFr 4.0340 from FFr 4.0320, and sterling to FFr 9.5865 from FFr 9.5710. Within the EMS, the D-mark improved to Fr 2.3233 from FFr 2.3214, and the Belgian franc, Danish krone, Italian lira and Dutch guilder also improved.

BELGIAN FRANC—Remaining steady within the EMS despite the recent reduction in Brussels interest rates, including a cut in the central bank discount rate—The Belgian franc weakened slightly against most other members of the EMS at the Brussels fixing. On the other hand the French franc eased to BFr 6.90 from BFr 6.90875, and the Irish punt to BFr 60.07 from BFr 60.21. Outside the EMS the dollar and sterling were firmer.

JAPANESE YEN—Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen improved slightly against the dollar in moderate Tokyo trading. The U.S. currency declined to Y217.90 from Y219.00, after opening at Y218.00. News of discussions between Toyota and Ford on possible co-operation over motor manufacture, helped the yen in the hope that it will offset some criticism of Japanese car sales in the U.S.

THE POUND SPOT AND FORWARD

July 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3700-2.3775	2.3750-2.3760	1.55-1.45c pm	7.58	3.82-3.72 pm	6.35
Canada	2.7160-2.7250	2.7235-2.7245	1.22-1.12c pm	5.15	3.25-3.15 pm	4.70
Nethlnd.	4.50-4.54	4.51¾-4.52¾	2¼-1¼c pm	5.98	6½-5½ pm	5.31
Belgium	65.95-66.40	66.25-66.35	20-10c pm	2.71	47-37 pm	2.53
Denmark	12.76-12.81	12.78½-12.79½	½-2¼ore dis	−1.29	6¼-7¾ dis	−2.23
Ireland	1.0976-1.1025	1.1013-1.1023	0.03p pm-0.01 dis	0.11	0.22-0.17 pm	0.71
W. Ger.	4.11½-4.14½	4.12½-4.13½	3-2pf pm	7.28	7-6 pm	6.29
Portugal	115.00-115.90	115.65-115.85	5c pm-21 dis	−0.83	8-88 dis	−1.66
Spain	167.15-167.90	167.80-167.90	39c pm-23 dis	0.57	309-444 dis	−8.97
Italy	1,965-1,969	1,966-1,967	7½-10½lire dis	−5.84	31½-34½ dis	−6.71
Norway	11.38½-11.42½	11.40½-11.41½	6¾-5¾ore pm	6.44	16¾-15¾ pm	5.54
France	9.56-9.62	9.58½-9.59½	4½-3½c pm	5.00	9-8 pm	3.54
Sweden	9.75½-9.80	9.78½-9.79½	2¼-1¼ore pm	2.22	3¼-2¼ pm	1.20
Japan	513-523	515-516	1.70-1.45y pm	3.67	4.15-3.75 pm	3.08
Austria	29.27-29.40	29.33-29.38	15-13gro pm	5.72	37-32 pm	4.70
Switz.	3.76½-3.80½	3.79-3.80	4-3c pm	11.07	10¼-9¼ pm	10.14

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 5.67-5.57c pm. 12-month 8.00-7.90c pm.

THE DOLLAR SPOT AND FORWARD

July 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3700-2.3775	2.3750-2.3760	1.55-1.45c pm	7.58	3.82-3.72 pm	6.35
Ireland†	2.1530-2.1600	2.1530-2.1550	1.50-1.40c pm	8.08	4.00-3.90 pm	7.34
Canada	1.1445-1.1463	1.1460-1.1463	0.25-0.30c dis	−2.88	0.55-0.60dis	−2.01
Nethlnd.	1.8990-1.9060	1.9025-1.9040	0.18-0.28c dis	−1.45	0.45-0.55dis	−1.05
Belgium	27.80-27.94	27.89-27.91	9½-11c dis	−4.41	25½-28 dis	−3.83
Denmark	5.3800-5.3985	5.3970-5.3985	3.65-4.15ore dis	−8.67	11¼-11¾ dis	−8.52
W. Ger.	1.7360-1.7435	1.7375-1.7385	0.03-0.13pf dis	−0.55	.03pm-.07dis	−.05
Portugal	48.48-48.84	48.70-48.80	30-40c dis	−8.61	75-115 dis	−7.79
Spain	70.49-70.70	70.60-70.70	100-125c dis	−19.11	280-310dis	−16.70
Italy	828.50-829.60	829.20-829.50	8-11lire dis	−13.74	26-30 dis	−13.50
Norway	4.7995-4.8055	4.8040-4.8055	0.15-0.65ore dis	−1.00	0.75-1.25dis	−0.83
France	4.0320-4.0500	4.0355-4.0375	1.07-1.17c dis	−3.32	2.75-2.95dis	−2.82
Sweden	4.1140-4.1230	4.1180-4.1200	1.60-1.75ore dis	−4.88	5.15-5.30dis	−5.07
Japan	216.70-218.15	216.85-216.95	0.65-0.80y dis	−4.01	1.75-1.90dis	−3.36
Austria	12.32½-12.37	12.35¼-12.36¼	1.75-2.35gro dis	−1.99	4.25-6.00dis	−1.66
Switz.	1.5885-1.6045	1.5965-1.5975	0.57-0.52c pm	4.09	1.64-1.59 pm	4.04

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 10	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.4	−31.9
U.S. dollar	82.8	−10.9
Canadian dollar	81.8	−16.0
Austrian schilling	158.0	+24.7
Belgian franc	116.1	+14.4
Danish kroner	108.0	−3.5
Deutsche mark	156.5	+44.8
Swiss franc	200.6	+81.1
Guilder	126.3	+20.3
French franc	103.3	−5.2
Lira	53.2	−51.4
Yen	129.9	+28.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.561077	0.609599
U.S. $	11	1.33194	1.44761
Canadian $	10.63	1.52560	1.65593
Austria Sch.	6¾	16.4281	17.8708
Belgian F.	13	37.0479	40.2690
Danish K.	13	7.15918	7.78454
D'Mark	7½	2.31251	2.51407
Guilder	9½	2.53002	2.75018
French Fr.	9½	5.37038	5.83605
Lira	15	1103.91	1199.78
Yen	9	292.094	316.477
Norwgn. Kr.	9	6.39531	6.95072
Spanish Pts.	8	93.7206	101.905
Swedish Kr.	10	5.47627	5.95403
Swiss Fr.	3	2.11379	2.29780

OTHER CURRENCIES

July 10	£	$		£ Note Rates
Argentina Peso	4412-4432	1860-1869	Austria	29.15-29.45
Australia Dollar	2.0430-2.0470	0.8605-0.8610	Belgium	66.15-66.75
Brazil Cruzeiro	123.78-124.78	52.115-52.315	Denmark	12.73-12.83
Finland Markka	8.53-8.55	3.5985-3.6005	France	9.52-9.58
Greek Drachma	100.801-105.242	42.45-42.60	Germany	4.10½-4.13½
Hong Kong Dollar	11.64½-11.66½	4.9080-4.9100	Italy	1920-1980
Iran Rial	n.a.	n.a.	Japan	516-521
Kuwait Dinar(KD)	0.629-0.635	0.2653-0.2664	Netherlands	4.49-4.52
Luxembourg Frc.	66.25-66.35	27.89-27.91	Norway	11.36-11.46
Malaysia Dollar	5.07-5.08	2.1365-2.1385	Portugal	112-116
New Zealand Dlr.	2.3950-2.4000	1.0085-1.0095	Spain	161¾-168½
Saudi Arab. Riyal	7.84-7.90	3.3175-3.3205	Sweden	9.74-9.81
Singapore Dollar	5.0050-5.0170	2.1100-2.1120	Switzerland	3.78-3.81
Sth. African Rand	1.8150-1.8170	0.7640-0.7650	United States	2.367-2.378
U.A.E. Dirham	8.75-8.81	3.6990-3.7020	Yugoslavia	62-66¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2920	+1.26	+0.61	±1.53
Danish Krone	7.72336	7.78645	+0.82	+0.17	±1.64
German D-Mark	2.48208	2.51429	+1.30	+0.65	±1.125
French Franc	5.84700	5.83948	−0.13	−0.78	±1.3557
Dutch Guilder	2.74362	2.74978	+0.22	−0.43	±1.512
Irish Punt	0.668201	0.669981	+0.27	−0.38	±1.668
Italian Lira	1157.79	1198.85	+3.55	+2.96	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.376	4.130	515.5	9.590	3.795	4.518	1957.	2.724	66.30
U.S. Dollar	0.421	1.	1.739	217.0	4.057	1.598	1.902	827.8	1.147	27.91
Deutschemark	0.242	0.575	1.	124.8	2.322	0.919	1.094	476.2	0.660	16.05
Japanese Yen 1,000	1.940	4.608	8.012	1000.	18.60	7.362	8.763	3815.	5.284	128.6
French Franc 10	1.043	2.477	4.307	537.5	10.	3.957	4.711	2051.	2.840	69.13
Swiss Franc	0.264	0.626	1.088	135.8	2.527	1.	1.190	518.3	0.718	17.47
Dutch Guilder	0.221	0.526	0.914	114.1	2.123	0.840	1.	435.3	0.603	14.68
Italian Lira, 1,000	0.509	1.208	2.100	262.1	4.877	1.930	2.297	1000.	1.385	33.71
Canadian Dollar	0.367	0.872	1.516	189.2	3.521	1.393	1.658	721.9	1.	24.34
Belgian Franc 100	1.508	3.583	6.229	777.5	14.46	5.724	6.814	2966.	4.109	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 10)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/16	offer 9 5/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17-17¼	8⅝-8⅞	10-12	10¼-10½	4-4¼	9½-9⅝	12-12¼	16-20	—	13½-14
7 days' notice	16⅞-17⅛	8¾-9	10½-12½	10¼-10½	4⅛-4⅜	9½-9⅝	12-12¼	20-24	8⅞-9	13⅜-13¾
Month	16⅝-16⅞	8 15/16-9 1/16	11-11⅜	10¼-10½	5¼-5¼	9 1/16-9 3/16	12 1/16-12 5/16	21-25	9-9⅛	12⅝-12⅞
Three months	15¾-16	9 1/16-9 3/16	10¾-11⅛	10⅛-10⅜	5⅛-5¼	9¼-9⅜	12 1/16-12 5/16	22-24	9 3/16-9 5/16	12⅜-12⅝
Six months	14⅜-14⅝	9⅜-9⅝	10¼-10⅝	10⅛-10⅜	5¼-5⅜	8⅞-9	12 1/16-12 5/16	21-23	9 5/16-9 7/16	11⅛-11⅜
One Year	13⅜-13⅝	9⅝-9⅞	10¼-10⅝	10-10¼	4 15/16-5 1/16	8¼-8⅜	12 1/16-12 5/16	20-22	9 9/16-9 11/16	9⅜-9⅝

Long-term Eurodollar two years 10½-10¾ per cent; three years 10¾-11 per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.85-8.95 per cent; three-months 9.00-9.10 per cent; six-months 9.00-9.10 per cent; one year 9.25-9.35 per cent.

INTERNATIONAL MONEY MARKET

German rates ease

Call money fell sharply in Frankfurt yesterday, reflecting the recent injection of fresh funds into the market by the Bundesbank. Wednesday's 30-day sale and repurchase pension facility increased market liquidity by DM 3.8bn, with extra funds possibly entering the market off the foreign exchange maret. Call money yeksterday was quoted at 9.60-9.80 per cent compared with 9.80-10.00 per cent on Wednesday, while lending through the Lombard facility was reduced to DM 2.9bn. Overnight money is now closer to the 9½ per cent Lombard rate, and the 9.6 per cent rate on the latest sale and repurchase agreement, and there was a general feeling in the market that the Bundesbank was unliely to make any changes after yesterday's meeting on the central council. This was borne out later in the day when the Bundesbank announced an unchanged credit policy.

In Brussels Treasury bill yields were reduced on one, two and three-month periods by 0.25 per cent. One-month bills now stand at 13.75 per cent, two-month at 13.5 per cent, and three-month at 13.25 per cent.

In Paris the Bank of France left its money maret intervention rate unchanged, when it bought FFr 9bn of first category paper from the market, with maturity dates of July 18-30, August 1.10 and August 11-20. The bank's intervention rate was last changed a wee ago, wkhen it was cut to 12 per cent from 12¼ per cent. Call money was quoted at 12¼ per cent, unchanged from Tuesday.

GOLD

Slight fall

Gold fell $3 to close at $659-662 in the London bullion market yesterday, reflecting further selling from U.S. centres. It opened at $662-665 and touched a high point of $666-668. The metal was fixed at $665.00 in the morning, but fell to $656.50 at the afternoon fixing.

In Paris the 12½ kilo gold bar was fixed at FFr 86,600 per kilo ($667.70 per ounce) in the afternoon, compared with FFr 86,500 ($667.17) in the morning, and FFr 88,300 ($681.15) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,035 per kilo ($663.35 per ounce), compared with DM 37,795 ($677.34) previously, and closed at $655-658, against $670-673 on Wednesday.

In Zurich gold finished at $656-$659, compared with $670-673 previously.

	July 10		July 9	
Gold Bullion (fine ounce)				
Close	$659-662	(£277¼-278¾)	$662-665	(£279-280½)
Opening	$662-665	(£279-280½)	$674-677	(£283¾-285¼)
Morning fixing	$665	(£280.059)	$678	(£285.414)
Afternoon fixing	$656.50	(£276.537)	$671	(£282.645)
Gold Coins				
Krugerrand	$679-682	(£286-288)	$683-686	(£287½-289½)
Mapleleaf	$675-679	(£284-287)	$679-682	(£285½-287½)
New Sovereigns	$168-169	(£70¾-71¼)	$168-170	(£70¾-71¼)
King Sovs	$188-190	(£79-82)	$190-192	(£80-82)
Victoria Sovs	$188-190	(£79-82)	$190-192	(£80-82)
French 20s	$166½-169½		$169-172	
50 pesos Mexico	$819-824		$827-831	
100 Cor. Austria	$649-654		$657-662	
$20 Eagles	$764-767		$775-778	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit continued to be in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills, all direct from the discount houses, and large loans to eight or nine houses at MLR for repayment today. The market was faced with the unwinding of a previous sale and repurchase agreement of a moderate number of eligible banks bills, and there was a small net take up of Treasury bills to finance. There were no appreciable factors in the market's favour.

Discount houses were paying between 15 per cent and 16 per cent for secured call loans during the day.

MONEY RATES

NEW YORK	
Prime Rate	11½
Fed. Funds	8¾-9
Treasury Bills (13-week)	7.92
Treasury Bills (26-week)	7.90
GERMANY	
Discount Rate	7.5
Overnight Rate	9.70
One month	9.85
Three months	9.85
Six months	9.25
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.0625
Three months	12.0625
Six months	11.75
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	12.3375

LONDON MONEY RATES

July 10 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-17½	—	—	—	16¼-17½	15-16	—	—	—
2 days notice	—	—	16⅝-16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17	16¾-16⅞	—	17¼	17½	15¾-15⅞	—	—	—
One month	16 5/16-16 7/16	16 5/16-16 9/16	16⅛-16¾	17⅛-17⅝	17	17⅛-17¼	15¾	14 9/16	16 3/16	16⅞
Two months	16-16⅜	16¼-16⅝	—	17-17½	16⅝	—	15-15¼	14⅝-14 11/16	15⅞	16⅜
Three months	15⅝-15¾	15 11/16-15 13/16	15⅝-16	15¾-16⅛	16⅛	16¼	14½-14¾	14 7/16-14 9/16	15 5/16-15 7/16	15⅝
Six months	14 7/16-14 9/16	14 9/16-14 11/16	14½-14⅞	14¼-14⅝	15	15¼	—	—	13⅛-13⅜	14¼
Nine months	13 15/16-13 11/16	13¾-14	—	14¼-14⅝	14⅝	14½	—	—	—	—
One Year	13⅛-13¼	13⅛-13¾	13½-13⅝	13¼-13⅞	14	14⅛	—	—	—	—
Two years	—	—	13⅛-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13¾-13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14⅞ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14 7/16-14½ per cent; two-months 14½-14¾ per cent; three-months 14 15/32 per cent. Approximate selling rate for one-month bank bills 16 5/32 per cent; two-months 15⅞ per cent and three-months 15⅝ per cent; three-months 15 11/32 per cent; one-month trade bills 16⅞ per cent; two-months 16⅜ per cent and three-months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7404 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 9, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2535
Algeria	Dinar	3.8325
Andorra	French Franc	4.0297
	Spanish Peseta	70.405
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1853.50
Australia	Australian $	0.8636
Austria	Schilling	12.34
Azores	Portug. Escudo	48.53
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	70.405
Bangladesh	Taka	14.7517
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	27.802
	B. Franc (F)	27.915
Belize	Belize $	2.00
Benin	C.F.A. Franc	201.485
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.764
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7685
Brazil	Cruzeiro	52.21
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.132
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	201.485
Canada	Canadian $	1.144
Canary Islands	Spanish Peseta	70.405
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	201.485
Chad	C.F.A. Franc	201.485
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.22
Comoros Islands	C.F.A. Franc	201.485
Congo (Brazaville)	C.F.A. Franc	201.485
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	5.50
Dem. Rep.S'oTome & Principe	S. Tome Dobra	33.9751
Denmark	Danish Krone	5.3785
Djibouti Rp. of	Djibouti Franc	175.616
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'can Peso	1.00
Equador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	70.405
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.3785
Falkland Islands	Falkland Is. £*	2.3745
Fiji Islands	Fiji $	0.8021
Finland	Markka	3.5985
France	French Franc	4.0297
French C'ty in Af.	C.F.A. Franc	201.485
French Guiana	Local Franc	4.0297
French Pacific Is.	C.F.P. Franc	72.8574
Gabon	C.F.A. Franc	201.485
Gambia	Dalasi	1.6846
Germany (East)	Ostmark (O)	1.736
Germany (West)	Deutschemark	1.736
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3745
Gilbert Is.	Aust. $	0.8636
Greece	Drachma	42.425
Greenland	Danish Krone	5.3785
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.0297
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.0366
Guinea Republic	Syli	18.5345
Guyana	Guyanese $	2.5585
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.923
Hungary	Forint (O)	32.6022
Iceland	I. Krona	429.70
India	Ind. Rupee	7.764
Indonesia	Rupiah	625.00
Iran	Rial	74.00
Iraq	Iraq Dinar	0.2955
Irish Republic	Irish Punt[4]	2.116
Israel	Israeli Pound (4)	49.83
Italy	Lira	828.55
Ivory Coast	C.F.A. Franc	201.485
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	216.57
Jordan	Jordan Dinar	0.291
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.353
Korea (Nth)	Won	0.94
Korea (Sth)	Won	603.00
Kuwait	Kuwait Dinar	0.2666
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4017
Lesotho	Loti	0.7734
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.587
Luxembourg	Lux Franc	27.802
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	201.485
Madeira	Portugese Escudo	48.53
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.14
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	402.97
Malta	Maltese Pound	0.3365
Martinique	Local Franc	4.0297
Mauritania	Ouguiya	40.297
Mauritius	M. Rupee	7.5083
Mexico	Mexican Peso	22.87
Miquelon	French Franc	4.0297
Monaco	French Franc	4.0297
Mongolia	Tugrik (O)	3.3555
Monserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.7022
Mozambique	Moz. Escudo	28.3849
Namibia	Rand	0.7734
Nauru Is.	Aust. $	0.8636
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.899
NetherlandAntilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8636
	FNH	65.1212
New Zealand	NZ $	1.0104
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	201.485
Nigeria	Naira (O)	0.5803
Norwa	Norw'g Krone	4.80
Oman,Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.67
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.50
Philippines	Ph. Peso	7.5035
Pitcairn Islands	NZ $	1.0104
Poland	Zloty (A)	31.00
Portugal	Port. Escudo	48.53
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Frank	4.0297
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling*	2.3745
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.0297
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	828.55
Saudi Arabia	Saudi Riyal	3.3298
Senegal	C. F. A. Franc	201.485
Seychelles	S. Rupee	5.6138
Sierra Leone	Leone	0.8423
Singapore	Singapore $	2.114
Solomon Islands	S.I. $	0.8636
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7734
Spain	Peseta	70.405
Spanish Ports in North Africa	Sp. Peseta	70.405
Sri Lanka	S. L. Rupee	15.90
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7734
Sweden	S. Krona	4.113
Switzerland	Swiss Franc	1.587
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (A)	36.00
Tanzania	Tan Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	201.485
Tonga Islands	Pa'anga	0.8636
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8636
Uganda	Ug. Shilling	7.253
United Arab Emir.	UAE Dirham	3.698
United Kingdom	£ Sterling*	2.3745
Upper Volta	C.F.A. Franc	201.485
Uruguay	Urug. Peso (m)	8.98
U.S.S.R.	Rouble	0.6435
Vatican	Italian Lira	828.55
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9035
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.964
Zambia	Kwacha	0.7691
Zimbabwa	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

WORLD STOCK MARKETS

Dow off 3.8 at mid-session

AN EASIER bias prevailed on Wall Street throughout the morning yesterday in another heavy trade as profit-taking continued to offset demand from institutions.

The Dow Jones Industrial Average was off 3.84 at 893.43 at 1 pm, while the NYSE All Common Index lost 16 cents at $67.30. Declines led gains by a seven-to-six margin after volume of 30.73m shares, compared with Wednesday's 1 pm figure of 34.99m.

News of a record fall in consumer debt, reported on Wednesday, was a further indication of the depth of the recession.

The current recession is largely a function of a drop in consumer demand, economists have been saying, and consumer spending plans are seen as the key to any recovery. Yesterday, Retailers were reporting only slightly higher June sales.

Among the Retailers, J. C. Penney were unchanged at $25¼, F. W. Woolworth eased ⅛ to $26¼ and K Mart ¼ to $23¼, but Carter Hawley Hale put on ⅜ to $19, Federated Stores ⅜ to $30⅜ and Jamesway ⅜ to $9.

Among major corporations reporting second-quarter earnings, General Electric lost ⅜ to $53, Texas Oil and Gas ⅛ to $48⅞ and Whirlpool ⅜ to $19¼, but Kaiser Aluminum gained ¼ to $20⅜ and Abbott Laboratories ¼ to $43¼.

Borden, which announced plans to sell several major businesses and expand its chemical and snack food lines, gained ⅜ to $27.

Mapco raised its quarterly dividend but slipped ⅜ to $43½. Ford Motor was ahead ⅜ to $26⅜ before a trading halt ahead of news that it has cut its quarterly dividend to 30 cents a share from $1.

Volume leader Burlington Industries were unchanged at $21¼. A Block of 582,300 shares were moved at $21¾. Citicorp, in second place, gained ¼ to $23¾. Blocks of 100,000 and 240,000 shares were traded at $23¾.

Lear Petroleum were ahead 2⅜ at $29 in active trading, after hitting $31 earlier, but the company could not explain the rise.

Pullman rose $1 to $31½ after declaring that J. Ray McDermott's $28 a share bid for 2m of the Pullman Common stock was inadequate.

THE AMERICAN SE Market Value Index shed 0.51 to 306.76 at 1 pm. Volume 3.35m shares (4.35m).

Closing prices for North America were not available for this edition.

Canada

Shares were broadly lower in active early dealings yesterday, with the Toronto Composite index registering a fall of 10.6 at 2,130.7 at mid-day. The Oil and Gas index receded 35.1 to 4,971.4, Golds 34.3 to 4,474.9 and Metals and Minerals 21.8 to 1,976.3. In Montreal, Banks lost 1.89 at 361.67.

Dome Petroleum shed 1¼ to C$85¼, Gulf Canada ¼ to C$33⅜ and Shell Canada ⅜ to C$35⅞, but Texaco Canada rose four points to C$33⅜ and Hudson's Bay Oil ¼ to C$37¾.

Tokyo

Shares showed a firming tendency again, although late profit-taking pared some gains.

The Nikkei-Dow Jones Average was only a modest 4.53 higher on the day at 6,794.24, although the Tokyo SE index recorded a rise of 1.34 at 470.24. Rises held just a small lead over declines at the close by 339 to 315 on the First Market section after volume of 270m shares (300m).

Export-orientated issues, especially Motors and Light Electricals, scored a number of strong advances.

Toyota Motor jumped Y54 to Y770, buoyed by news that this major Japanese motors concern is negotiating a joint production venture to manufacture small cars in the U.S. with Ford. Toyota Motor Sales rose Y21 to Y571, while in sympathy, Toyo Kogyo moved up Y21 to Y400, Yamaha Motor Y18 to Y879 and Nisan Motor Y4 to Y640.

Among Light Electricals, TDK Electronics climbed Y80 to Y2,360, Pioneer Electronic Y60 to Y2,040 and Sony Y30 to Y2,250.

Elsewhere, Olympus put on Y18 to Y875 and Nippon Meat Y13 to Y474.

Teikoku Oil, up Y110 the previous day, added Y50 at Y1,200 on positive news about its natural gas reserves in North-western Japan. However, Nippon Oil receded Y20 to Y1,420.

Australia

Resources issues sustained some sharp falls yesterday on increased profit-taking and other liquidations, although Shale Oils and a few other Oil issues rebounded near the close on bargain hunting. The Sydney All Ordinaries index retreated 10.36 to 916.50 and the Metals and Minerals sub-group index relinquished 169.07 to 5,804.99.

A disappointing quarterly report from the Ashton diamond venture partners left CRA 30 cents down at A$5.30 and Ashton Mining 8 cents off at A$2.70.

Lower international base metal and gold prices undermined sentiment in Metal Minings. MIM lost 12 cents to A$4.78, Western Mining 20 cents to A$5.30, Bougainville 15 cents to A$2.60 and North Broken Hill 10 cents to A$3.45.

Among Oils, Hartogen shed 10 cents at A$4.80 despite reporting a gas show at its Leseur No. 1 well in the Bonaparte Gulf, but partner, Oil Investments put on 8 cents to 38 cents.

Santos lost 50 cents at A$13.20 and Woodside Petroleum 10 cents at A$3.20, but Shale Oil issues Esperance and Greenvale gained 50 cents to A$5.50 and 35 cents to A$4.90 respectively.

Hong Kong

The market followed Wednesday's pattern of easing on profit-taking before gaining fresh ground later in the session. However, buying interest was more selective than of late and centred on Hutchison Whampoa and the Swire group.

Dealers said demand was not promptd by rumours and noted that buyers mainly concentrated on stocks that failed fully to keep up with recent advances by other shares. The Hang Seng index finished 2.35 higher on balance at 1,083.79. There was again a fairly large overall turnover, totalling HK$309.67m on the four stock exchanges, against the previous day's HK$294.27m.

Hutchison Whampoa rose another 40 cents to HK$11.40, while Swire Pacific "A" and Swire Properties climbed 35 cents each to HK$8.40 and HK$7.15 respectively.

HK Land put on 10 cents to HK$14.00, HK Electric 15 cents to HK$6.95 and Cheung Kong 10 cents to HK$16.50, but Jardine Matheson receded 30 cents to HK$20.60 as speculative interest waned.

Germany

A revival of foreign buying interest during the afternoon helped the market to rally, after losing further ground in the early stages, and left mixed movements on balance.

Brown Boveri, in Electricals, gained DM 4, while Deutsche Bank put on DM 2 and Preussag DM 3.50. In the recently very weak Stores group, Horten recovered DM 1.80, but Karstadt were DM 3 lower.

Public Authority Bonds remained firm in quiet trading. The Bundesbank sold DM 11.4m nominal of stock (DM 41.3m). Mark Eurobonds were also firmer.

Johannesburg

Gold shares retreated on the lower Bullion price, but some issues closed above the day's lows after quiet trading. Losses stretched to 175 cents, as in Harties, at R80.50, and little overseas interest was noted. Winkelhaak shed R1.50 to R38.00 and Deelkraal 15 cents to R6.90, but South Roodepoort gained 10 cents at R8.25.

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

FINANCIAL TIMES SURVEY

Friday July 11 1980

Private Steel Industry

Opportunities for new links between Britain's private and public steel sectors are likely to follow the fundamental changes in the structure of the British Steel Corporation. Meanwhile, investment in the private sector — which now has a steelmaking capacity of almost 6m tonnes a year — is running at £100m annually.

Sector's output rises steadily

By Roy Hodson

THE PROGRESS of the private sector of steelmaking in Britain, since the bulk of the steel industry was nationalised in 1967, is a lesson that the unlikely can and does happen.

When 90 per cent of British steelmaking, in tonnage terms, was taken into public ownership, the activities left alone were seen by the government of the day as too small to bother about, either too remote from main-line steelmaking activities, or so weak as certain to "wither on the vine," to quote a remark by a contemporary Labour politician.

But since being written off so unceremoniously as an industrial force, that rump of the British steel industry has doubled its crude steelmaking capacity, has pursued a policy of continuous investment (now running at £100m a year) in sophisticated equipment for new and better steelmaking techniques, and now is strong enough to be able to compete on equal terms with its big brother, the British Steel Corporation, in all areas of steelmaking where the products turned out by the rival organisations overlap.

With a steelmaking capacity of approaching 5m tonnes a year of crude steel and employing 70,000, the 106 members of the British Independent Steel Producers Association (BISPA) are now rightly regarded in European steelmaking councils as a respectably-sized industry in their own right.

Even that capacity figure does not tell the whole story. BISPA members buy up to 3m tonnes a year of semi-finished steel (mostly from British Steel) for conversion into higher added value products. Altogether, the BISPA members sell between 6m and 7m tonnes of steel a year.

The total capacity of the British private steelmaking sector is further swollen by the Alpha works at Newport, South Wales. The owners of Alpha have not yet become BISPA members. But their modern electric arc steel making plant and associated strip mill has a capacity to produce 800,000 tonnes of steel a year. It is a major addition to the private steelmaking sector of the country. It has not yet reached anything like its full potential because of the steel depression. But it is a recent and significant addition to the total range of British independent steelmaking.

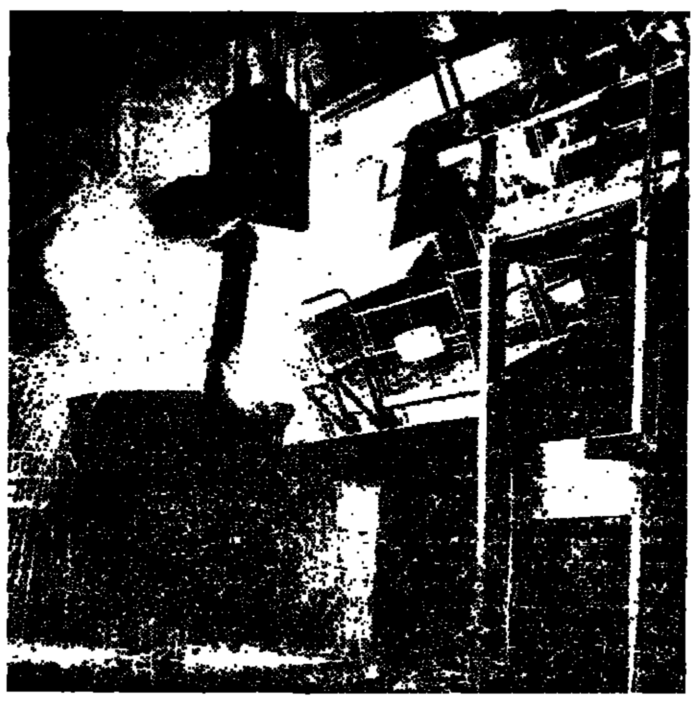
Several years of uncertainty for the private steelmakers followed nationalisation. There were adjustments to be made (for example the Brymbo works eventually reverted to the ownership of GKN after being nationalised) before the public and the private sectors settled down to till their respective furrows.

Changing course

By the early part of the 1970s, however, British Steel was set upon a course of pursuing bulk steelmaking after the Japanese fashion with a target of expanding to between *30m and 40m tonnes annual* capacity for the last 20 years of the century.

The private sector, meanwhile, embarked upon a round of rationalisation in which a number of old family firms—particularly the special steels makers of the Sheffield area—came together and streamlined into units with the strength and capacity to develop in the specialist areas of steel-making which British Steel was tending to ignore. That was the theory behind private sector development in competition with public sector bulk steelmaking. But, in practice, other forces were at work as well which were to have a fundamental impact upon the growth of the private sector. The mini-mill concept had been invented.

Nowadays, the typical mini-mill does not look particularly small and the very term is going out of fashion. These units, with capacities often between 500,000 and 1m tonnes of steel a year, are being called market mills or commercial mills. Alpha is an example. Sheerness Steel is another. Others in Britain include Bidston, Merseyside, and Manchester Steel, now both owned by the same group.



Liquid steel being tapped from an electric arc furnace at Brymbo Steel Works, which is part of the GKN Group

But the basic mini-mill concept has not changed. It is the making of steel by electric arc furnaces, fed by scrap steel in the main, and linked to efficient continuous casting machines and adjacent rolling mills.

At least eight plants which could be described as mini (or market) mills were ordered in Britain in the decade following nationalisation as companies decided that it would be a profitable steelmaking route to follow. Thus, rather to its corporate surprise, the private sector found itself developing upstream into new bulk steelmaking capacity to the tune of some 2m tonnes as well as following its original inclination to develop down-stream with the production and conversion of high-value special steels.

Some of the mini-mills were built to provide specific supplies of steel for engineering and steel products groups on an "in-house" basis. Others, however, were built to compete in the market with British Steel and other big European producers. By and large they have succeeded in their chosen market sectors.

One result of the private sector's willingness to merge and amalgamate to meet the pressures of the times together with its continuing aggressive investment programme is that it has been able to secure full recognition as an industry and has not for many years now felt stifled by the shadow of British Steel.

Since Britain's entry into the Community the two arms of British steelmaking have worked together more closely at commercial and technical levels. They often share a "British view" in European debates.

But, equally, they make it clear to fellow Europeans that there are two British steel industries. In Eurofer, for example, which is the "club" of the EEC steelmakers and can be described as an open cartel arrangement, the practice is to have one member to represent each nation. But Britain is represented jointly by the chairman or chief executive of British Steel and Mr. Alec Mortimer, the director general of BISPA.

British Steel and BISPA also send representatives to sit side by side in the European Coal and Steel Community consultative committee.

The recent three-months steel strike robbed British Steel of its last slim hopes of keeping the business together in something like the shape and form of the first 12 years of nationalisation. It may be cut down to *only about 12m tonnes capacity.* The fundamental changes that will be taking place in the structure of British Steel during the coming years will also profoundly influence the course of the private steelmaking sector. Already, purchasers of semi-finished steel from the corporation for re-rolling and other finishing are looking anew at their positions. If British Steel cuts back production further they may have to rely more upon imports or change the pattern of their operations.

Growth areas

Meanwhile, the private sector will be in a position to make a greater overall contribution to Britain's steel needs in the products it makes in competition with the state sector. It also will continue to develop in specialist growth areas such as steel for aerospace, petrochemicals, tool steels, etc.

The changes at British Steel offer opportunities for new links between the public and private sectors of steelmaking. The embarrassing surplus of modern wire rod capacity in Britain may lead to a model arrangement for the future. GKN and British Steel have been discussing a joint rationalisation plan for many months. They could also involve Templeborough Rolling Mills jointly owned by British Steel and Bridon.

If British Steel decides to shed some reasonably modern steelmaking and finishing capacity the natural first customer for potentially viable plants will be the British private sector. *Also, the potential of the private* sector for forging new links with overseas companies should not be overlooked.

There are a number of attractions for other ECSC steelmakers in having bigger interests in Britain through existing British companies. Equally, some British private steelmakers may be attracted by better access into Continental markets through companies already operating there.

CONTENTS

PRIVATE STEEL INDUSTRY II

Biggest test due in next 12 months

FOR NEARLY a year, both the private and public sectors of British steelmaking have been making a series of analyses of the markets for bars, rods, and sections, and of ways to match the production capacity available in Britain to likely future demand.

GKN and British Steel are at the centre of the project. Both have surplus modern rod production capacity. A number of those involved in the discussions would like to see any rationalisation scheme finally agreed upon carried out in the broadest possible way to embrace all producers in Britain.

If that course is adopted it might mean the inclusion of the Templeborough Rolling Mills jointly owned by British Steel and Bridon, and perhaps other private sector interests.

The three-month strike by British Steel employees at the beginning of the year and the disruption caused during that period to private sector companies caused delays in the joint investigation. But now a final report is ready as the basis for joint talks.

If agreement is reached it is likely that a joint public-private sector rod and bar company will be formed. It would be by far the most ambitious co-operation attempted by the two sectors since nationalisation.

However, many hurdles still remain. Mr. Ian MacGregor, the new chairman of British Steel, has been briefed on the rod and bar project, but has not yet made his own views public

As British Steel is virtually bankrupt, GKN is, in effect, negotiating ultimately with the Department of Industry which would have to underwrite any scheme favoured by British Steel. The Government has not yet studied a final scheme.

Approval of the Office of Fair Trading and the European Commission would also have to be obtained if British rod and bar production were concentrated into a smaller number of hands, or even a single company.

Viscount Etienne Davignon, the European Industrial Commissioner is expected to favour the project. It fits in with his ideas about rationalising European steelmaking and is similar to arrangements that have been approved in other Community countries. But objections are likely from members of the Commission who are concerned to avoid any reduction in competition between industrialists.

Unlike British Steel, which is now on its way to chalking up losses of some £2bn over a six-year period, the private sector steelmakers have generally remained profitable. They have shown flexibility to meet changing market conditions.

But they look like facing their most testing time yet during the coming 12 months. The international steel market is very depressed and the strength of the pound is making the export of steel a much more difficult task than hitherto. Mr. Derek Norton, managing director of Hadfields, Sheffield, the Lonrho subsidiary, estimates that his company can export 40,000 tonnes a year of special steels with the pound at $2, but only 5,000 tonnes a year with the pound at $2.35.

Main worry

A number of private sector steelmakers expect to move from profits to losses during the coming months as they are hit by a combination of poor markets and rising prices. Their biggest single worry at the moment is the rate at which energy prices are rising. Mr. John Paterson, president of BISPA, has written to Mrs. Thatcher drawing attention to that pressing problem.

Some South Yorkshire electric arc operators, who face the prospect of their electricity bills rising by 50 per cent during the year, are threatening to organise a strike against the electricity authorities by refusing to pay their bills. The British Steel Corporation is also taking a strong line against increased electricity charges. It fears that its big electric arc operations which are most concentrated in the Sheffield area will be priced out of the market because of a 30 per cent rise in electricity costs this year.

Faced with dwindling profits, few, if any, British private sector steelmakers are interested in putting money into new steelmaking ventures at this time. That climate of opinion make it unlikely that the British private sector will act to cushion the run-down of the British Steel Corporation from 21m tonnes a year capacity to somewhere between 12m and 15m tonnes a year capacity.

There is no evidence of any British private sector steel company being interested in acquiring and running redundant British Steel plant with the single exception of Hadfields' examination of the Shotton, North Wales, plant.

And even in that instance, Mr. Derek Norton's proposals fall far short of Hadfields acquiring and running Shotton. His current inclination is to run it for British Steel on some form of management contract. That is not a proposal likely to make much impression upon the British Steel Board or the Government. Whatever else British Steel is short of it is not short of experienced middle management to run steelworks.

Although the British private steelmaking sector has distanced itself as far as possible from entanglement with British Steel and, by doing so, has become stronger year by year on its own ground, it is still highly dependent upon the nationalised sector when prices are being fixed.

The usual practice is for the private sector to follow British Steel prices — although, occasionally, the private sector has felt it necessary to act first to secure prices increases it felt vital to its well-being.

The current prices structure leaves no room for the private sector to recoup some of its rising costs during the coming months by increases. The industry is working to British Steel price lists which already are up to 20 per cent above ruling prices on the Continent.

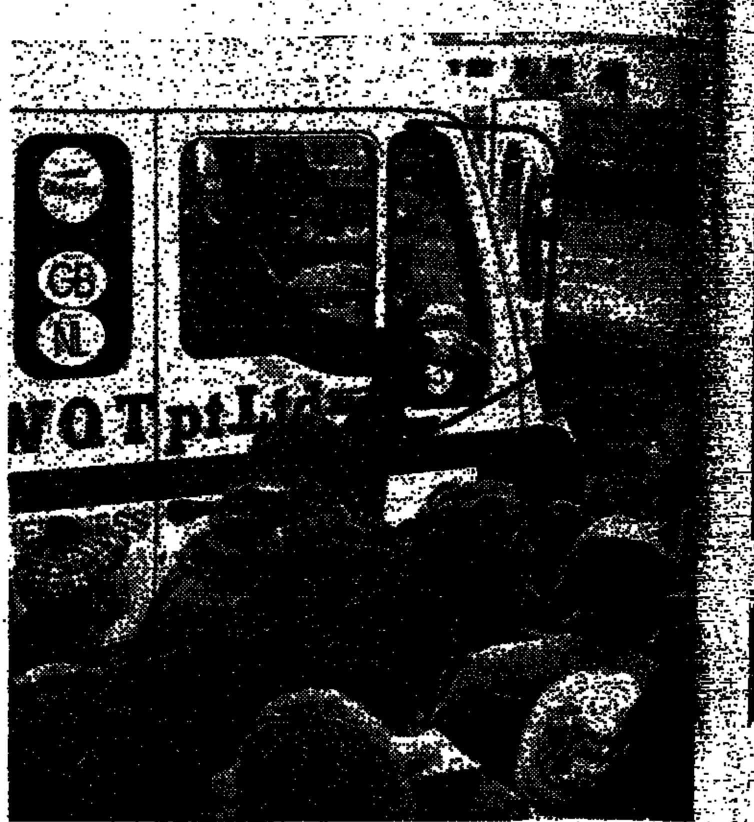
The steel prices prevailing in many Common Market countries —not Britain—are, in fact so low that they preclude any possibility of making profits. Continental steelmakers are staggering through the crisis by matching losses against profitable engineering sectors of their companies, and by a degree of subsidisation by governments in various forms.

There are signs now that the EEC governments are cracking down on subsidies and are putting pressure upon their steelmakers to raise prices to realistic levels. If that movement is sustained it will take some of the strain off the British steelmakers. But there is small chance of a general rise in British steel prices during this year to offset rising costs.

BISPA members have succeeded since nationalisation because they have been able to operate in a market where they have had sufficient freedom to stand or fall by their own commercial decisions.

So the past few years of increasing European protection, and some distortions to free trading as a result of the Davignon plan, have not been altogether to their liking. Independent steelmakers are agreed that the EEC must restore a balance between steelmaking capacity and demand in Europe as quickly as possible and then allow a return to market disciplines based on free competition, without subsidy or other distortion.

Roy Hodson



Following this year's strike by steelworkers in Britain, there are now signs that the legacy of bitterness is disappearing. Above: a heated argument, during the 18-week strike, between pickets and a lorry driver at Sheerness Steel, the Canadian-owned private steel plant on the Isle of Sheppey

Pay bargaining shifts down to plant level

WHAT THE British Steel Corporation tried, and largely failed to do this year (despite a 13-week strike), the private sector has succeeded in doing: it has shifted pay bargaining down to plant level.

Well before the strike, the BSC had told the unions that in the light of its enormous losses it wanted the major part of the 1980 wage increases to be earned by productivity improvements in the steelworks. Its letter was virtually ignored. When negotiations opened and the BSC offered 2 per cent only at national level (and up to 10 per cent locally), the storm erupted.

Meanwhile, the largest of the three private sector negotiating bodies, the Independent Steel Employers' Association, had—in a rather better-argued submission to the main union, the Iron and Steel Trades Confederation —made much the same case. And it has succeeded.

For many years before the part-nationalisation of the industry, there had been two-tier bargaining. Central negotiations concerned themselves only with cost-of-living bonuses and minimum conditions. The real pay increases were negotiated locally by the individual steel companies.

But with the creation of the BSC, the introduction of incomes policies—and perhaps also because of high inflation in recent years—the emphasis was reversed, and the bulk of the steelworker's annual pay increase was derived from a national agreement.

Private employers—some of whom have never joined collective machinery—began to complain that bargaining was developing along the wrong lines.

The Steel Employers' Association told the ISTC that this trend was encouraging workers to believe that they were entitled to money which had nothing to do with their own or their company's performance. It summarised its case by saying that the private sector was now struggling to survive: that national wage agreements were "pre-emptive" and failed to take into account differences between companies: and that local negotiation would bring home what it called "the economic realities."

Disputes procedure

While abandoning the central negotiation of wages, the ISEA was understandably anxious to retain national determination of working hours, shift pay, holidays and the long-established disputes procedure.

Many members of the equivalent body in engineering, the Engineering Employers' Federation, would like to follow suit —give up the national negotiation of minimum rates of pay, but hold on to the valuable disputes procedure. For the moment it seems unlikely that they will get their way.

The response of the Iron and Steel Trades Confederation to the cancellation of national bargaining this year has been to keep its side of the machinery alive. The function of this union committee is to establish national minimum guidelines on pay and conditions of service. For 1980, its brief has been to advise on the appropriate size of wage increase—taking the rate of price inflation into account — to establish a minimum earnings level, shift premia and holidays, and to seek a reduction in the working week.

The declared aim is to "safeguard national agreements." Negotiations for the 16,000 workers directly covered by the 1979 central agreement (another 4,000 workers were indirectly covered) have been told by the ISTC that they must refer back to the union's national committee any attempted breach of established conditions by a private steel company.

For instance, if a company tried to increase the 40-hour standard week the local negotiator would not be allowed to concede that. Nonetheless, it is likely that the guidelines set down by the national committee would be waived for a company in dire straits.

But by the same token, the union might decide to call its members out on strike against a company that sought to change the guidelines without the endorsement of the ISTC committee.

The union is also acting as guardian of the disputes procedure. It has instructed its members that there must be no industrial action or restrictions until procedure is exhausted, and no action without the approval of the union's head office.

The ISTC seems to have taken fairly calmly the ISEA's withdrawal from a national agreement that was due to be renewed on April 1. The explanation is that the industry has always had local bargaining, and indeed in the days when the ISEA and the ISTC met only every three years to discuss minimum pay and conditions, the actual earnings of the steelworkers were the highest in the land.

The ISEA is the largest of three bargaining groups in the private sector which in total employs about 42,000 workers. The others are the Midland Iron and Steel Wages Board (about 4,500 steelworkers) and the Engineering Employers' Sheffield Association—the so-called "Sheffield Shift" (about 5,000 workers).

Although collective organisations these, as their names imply, are really regional bodies. The Midland Wages Board has itself talked about ending central bargaining, but entered a new agreement in January, raising wages by about 17 per cent and granting an extra day's holiday.

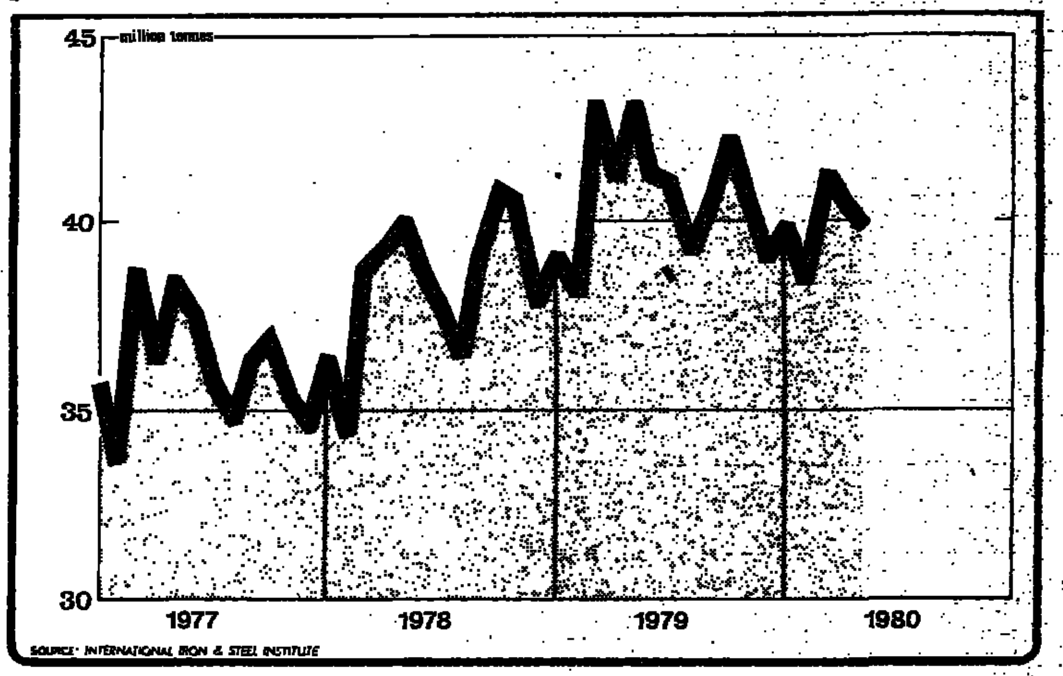
The private sector of course sustained a shock itself during the BSC strike, led by the ISTC. Private sector members were called out by the union in support, partly for solidarity, partly because, the union said, its strike against the BSC was to some extent undermined by the continued working of the private sector.

Although the majority of the private sector workers were loyal to the union, there were divided loyalties; indeed for some weeks the publicity surrounding this aspect of the dispute was enormous—the picketing of private plants, especially in South Yorkshire and the isolated Sheerness plant in Kent, and the legal action brought against the union by Duport Steels and others.

There are signs that the legacy of bitterness is being dissolved. Nearly 600 ISTC members, mostly at Sheerness, were threatened with suspension from the union for their consistent refusal to strike. They are due to present their appeal against expulsion later this month and it will be surprising if the union's national executive does not decide that if the men really want to stay in the union, then they should be allowed to do so.

Christian Tyler

CRUDE STEEL PRODUCTION in 29 IISI Countries



To moderate month-to-month fluctuations, figures are charted on a four-month moving average basis. The monthly average for February, March, April and May is noted at the end of March. The actual monthly production figures, from which the four-month moving averages are derived, are as follows (figures in millions of tonnes):

	1976	1977	1978	1979	1980
January	34.4	35.7	36.3	39.1	39.9
February	34.3	33.7	34.4	38.1	38.5
March	38.9	38.7	38.7	43.1	41.2
April	37.5	36.3	39.3	41.1	40.5
May	39.4	38.5	40.0	43.1	39.9
June	37.8	37.6	38.7	41.2	—
July	38.4	35.7	37.7	41.0	—
August	37.5	34.8	36.4	39.3	—
September	38.1	36.3	39.1	40.7	—
October	38.6	36.9	40.9	42.2	—
November	36.8	35.4	39.6	40.4	—
December	35.4	34.7	37.8	39.0	—

Source. The International Iron and Steel Institute, Brussels

PRIVATE STEEL INDUSTRY III

The bar mill at Hadfields' East Hecla works, Sheffield. The company, one of the largest alloy steel manufacturers in the private sector, is examining a scheme to replace its ingot manufacturing facilities on the East Hecla site by installing a bloom caster in a new building adjacent to the melting shop casting bay

Sheffield producers face intense competition

NOT TOO LONG AGO, Sheffield's specialist private sector steelmakers could afford to look at reports of a steel recession with something approaching disdain. Their specialisation and quality-conscious approach tended to give them a small but valuable buffer against the worst of any cyclical downturn.

Today, however, the hatches have been battened down. Strong import competition, which has built up over the last five or six years, and the apparently inexorable shrinkage among traditional customers such as the UK motor vehicle industry have made things tough for the one-time aristocrats of the British steel industry.

Sheffield's private steelmakers are quite large by sector standards, and the concentration in the city is still the most intense in Britain. But by world standards, the majority remain small traditional producers. Indeed, one of their own sector officials was, not so long ago, able to dismiss Sheffield in no uncertain terms. Today, he remarked, you could fit almost the whole of the Sheffield private sector steel industry into the waiting rom of Paddington Station.

An exaggeration, of course. But it does convey the steady contraction of the industry, either through mergers, or closures—often both. Nevertheless, Sheffield and neighbouring areas of South Yorkshire still produce the bulk of Britain's special steel, both in public and private sectors. In terms of quality and metallurgical back-up, the region is still a major force, even if it has lost ground to overseas competitors in terms of aggressive marketing, and the price/delivery factor which is of the utmost importance in any recession.

The private sector in Sheffield specialises in what they call *special steels*. That means low volume, high price steels, where quantities are measured in tonnes, rather than thousands of tonnes. These often fall into three main groupings: high speed steel, tool steel, and stainless steel bar. The main customers are the technology industries of today, ranging from aerospace to mechanical and automotive engineering.

The British Steel Corporation is not a competitor in these fields, although it comes into them in certain areas, such as aerospace. Indeed, the only real interface between public and private sector in South Yorkshire is in the field of alloy billet and bar, where Hadfields, the Lonrho subsidiary, meets the BSC bulk plants head-on. But this is a field where major customers, particularly the car makers, employ a deliberate policy of second, and even third sourcing, so the atmosphere is not as cut-throat as one might imagine. Prickly, perhaps — especially after this year's steel strike—but seldom hostile.

Special steels

Things could quickly change. One of the first pronouncements of Mr. Ian McGregor, the new chairman of the British Steel Corporation was that BSC should pay far more attention to the production of what he called special steels. The traditional BSC bulk customers, such as shipbuilding and the motor industry, were declining, he said. New markets and new customers had to be found, if BSC was to recover.

Mr. McGregor himself did not see this as a threat to the private steelmakers. The market was big enough for all capable producers, he insisted. But it sent a distinct shiver through the private sector. It is not so much competition they fear, as the prospect of yet another entry into the market by a "subsidised" or loss-making producer. Competing with companies who have shareholders and accountants to handle, rather than Governments prepared to take a longer term view.

So far, Mr. MacGregor has not spelled out in detail what he intends to do about special steels, and apart from odd exercises, such as the rolling of stainless steel bar at the highly modern BSC Thrybergh mill — purely a rolling exercise, BSC have said—and a modest entry into the re-melted steel market at Stocksbridge, the Corporation have stayed out of previously sacrosanct private sector areas.

No, the real aggravation has come because of fast growing imports of special steel, often from EEC producers, at what the private sector insist are either dumped, or heavily subsidised prices. These imports have taken a commanding share of the UK market, entering the tool, high speed and stainless bar areas. In some cases, this market share has exceeded 60 per cent.

In traditional Sheffield pattern, private steelmakers have been unable to reach entire agreement on what should be done about such blatant incursions into the British market. There have been calls for import quotas, particularly along the lines of the quota-by-weight system devised, but now abandoned, by the U.S. authorities.

Other UK special steelmakers, led by Mr. Robert Atkinson, forceful chairman of Aurora Holdings, have insisted that efficiency and low cost production is the only real answer. His aggressive foray into Sheffield special steel has been particuarly spectacular. Within a matter of years, he has made his one-time engineering-only group into the UK's leading producer of tool and high speed steel. First Samuel Osborn, and then the merged Edgar Allen and Balfour Darwin groups came under his control.

Few expect Aurora to continue this policy of acquisition, certainly for the foreseeable future. They have, as group officials privately admit, quite enough on their plates in turning the group steelmaking into the sort of super-efficient unit that is the eventual target.

Despite the problems of the recent years, Sheffield has not stood still, yearning for a past that is never likely to recur. Firth Brown, always a discreet giant of Sheffield steel, has invested many millions of pounds in production facilities. First came the new melting shop, still a yardstick for sector comparisons, and then, this year, the natural complement, a £12m precision forging plant, with the world's biggest operational automatic forging machine as its centrepiece. With a group demand for steel that remains quite high, Firth Brown can think big.

Traditional rivals

Their traditional rivals, Hadfields, have shrunk considerably since the controversial Lonrho takeover, three years ago. With the closure, or sale, of their mainstream forging operations, Hadfields are now primarily alloy steel producers. Despite an era of financial stringency, they have installed water-cooled panels on electric furnaces, and there is current debate about the installation of a billet caster at one, or both, of their two Sheffield sites.

But with the market looking decidedly gloomy for the next year or so, consolidation is certain to be the order of the day in the Sheffield private sector. Only in aerospace, defence and energy is there likely to be any reasonable market buoyancy, and the continuing high sterling levels seem certain to discourage exports.

Most sector companies have at least a foot in a better market, however heavy their dependence on the automotive industry. Johnson and Firth Brown companies, for instance, have valuable aerospace contracts as well as automotive and construction markets. Neepsend have built a strong group interest in home improvement tools—a useful, and often perky standby in any general recession—while Arthur Lee have some energy orders as well as automotive and capital goods markets.

Such insurance policies are certain to be needed. Car and commercial vehicle production seems set to fall over the next two years—perhaps by as much as 30 per cent, and the capital goods market scarcely promises better. The imports will continue, of course, and there is the intriguing question mark posed by the new BSC chairman.

No company expects the next 12 months to be an easy ride, and there could be casualties in the form of departmental closures, and job shedding. Indeed, there are already Sheffield predictions of extensive short time working by the end of 1980.

Yet because of their speedy response the changing situations and competitive pressures and, in many cases, cannily judged investment, the Sheffield private sector steel industry will survive. Smaller, leaner and less profitable than before, perhaps but with a sound skill base for the better climate which, optimists are now forecasting, could be with us by 1983.

Frazer Wright

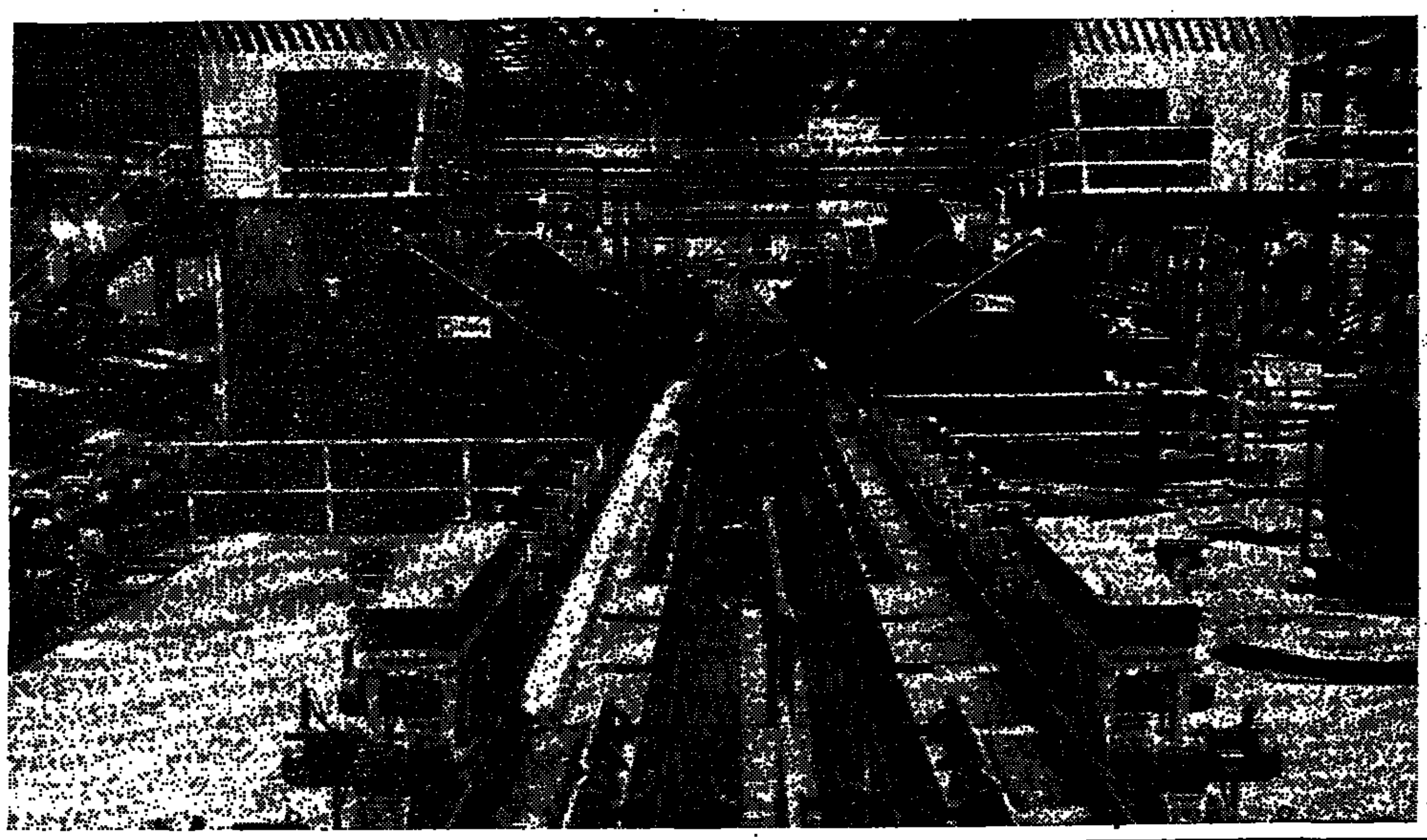
CRUDE STEEL PRODUCTION: COMPARATIVE PERFORMANCES

Production in May, 1980, in 29 countries, and comparisons with 1979. Figures in thousand tonnes. The countries (out of 42 in which the International Iron and Steel Institute has members) account for 65.3 per cent of 1979 world production, and for approximately 98.2 per cent of world production, excluding that of the USSR and other Eastern Bloc countries, China and North Korea.

	May, 1980	April, 1980	May, 1979	% change in May 1979/80	First five months 1980	First five months 1979	First five months % change
Belgium	1,261	1,215	1,234	+ 2.2	6,121	5,874	+ 4.2
Denmark	72	66	81	− 11.1	387	333	+ 16.2
W. Germany	3,845	3,798	4,128	− 6.9	19,249	18,770	+ 2.6
France	2,087	2,184	1,734	+ 20.4	11,047	9,150	+ 20.7
Italy	2,436	2,278	2,019	+ 20.7	11,787	10,323	+ 14.2
Luxembourg	420	444	455	− 7.7	2,171	2,098	+ 3.5
Netherlands	505	512	565	− 10.6	2,394	2,377	+ 0.7
UK*	1,564	1,059	1,939	− 19.3	3,408	9,018	− 62.2
Total of above	12,190	11,556	12,155	+ 0.3	56,564	57,943	− 2.4
Austria	409	396	423	− 3.3	2,069	2,032	+ 1.8
Finland	212	217	224	− 5.4	1,072	1,095	− 2.1
Norway	61	55	73	− 16.4	370	391	− 5.4
Portugal	41	57	58	− 29.3	274	278	− 1.4
Spain	1,127	1,147	1,109	+ 1.6	5,361	5,144	+ 4.2
Sweden	300	418	462	− 35.1	2,132	2,166	− 1.6
Turkey	†200	192	208	†− 3.8	†962	1,059	− 9.2
Yugoslavia	312	313	306	+ 2.0	1,568	1,416	+ 10.7
Canada	1,438	1,353	1,409	+ 2.1	6,850	6,714	+ 2.0
U.S.	8,324	9,653	11,602	− 28.3	47,351	53.731	− 11.9
Argentina	273	263	298	− 8.4	1,158	1,275	− 9.2
Brazil	†1,250	1,245	1,163	†+ 7.5	†6,150	5,451	†+ 12.8
Chile	†45	†45	67	†− 32.8	†250	240	+ 4.2
Mexico	572	551	626	− 8.6	2,839	2,993	− 5.1
Venezuela	†150	†140	115	†+ 30.4	†750	527	+ 42.3
Australia	488	529	674	− 27.6	3,066	3,245	− 5.5
India	736	757	795	− 7.4	4,136	4,322	− 4.3
Japan	9,961	9,799	9,524	+ 4.6	48,224	46,054	+ 4.7
Republic of Korea	734	700	686	+ 7.0	3,523	3,174	+ 11.0
South Africa	761	737	734	+ 3.7	3,728	3,581	+ 4.1
Taiwan (ROC)	†350	331	393	†− 10.9	†1,630	1,915	†− 14.9
TOTAL	39,934	40,454	43,104	− 7.4	200,027	204,646	− 2.3

* Calculated on a calendar month basis. † Estimate.

Source: The International Iron and Steel Institute, Brussels,



Left: Production at GKN's Brymbo steelworks, North Wales, where two saws on each lane cut billets to ordered length, calculated with the aid of a computer. The company has installed a £48m rolling mill at Brymbo, with a capacity of over 600,000 tonnes a year.

Above: a charge being poured from a 320 kW induction furnace at the Droitwich foundry of Deritend Precision Castings, a member of the Deritend Group.

Waning support for Davignon plan

WHEN THE plan to protect the steel industry of the Common Market from serious damage, during a period of world recession and competition from other producers, was initiated in 1977-78 by Viscount Étienne Davignon, the European Industrial Commissioner, some cynics gave it no more than six months. Its most fervent supporters gave it no more than two years.

In the event, the plan has given a considerable measure of protection from unbridled imports to European steelmakers for three years and has also encouraged the much-needed rationalisation of steelmaking in most member nations of the Nine.

But steel supply still exceeds demand in the world and, as the Davignon plan is continued into its fourth year, support for it clearly is waning among steelmakers.

Essentially, the plan sought first of all to protect Europe's steel industry from the worst excesses of a world market where too much steel was chasing too few orders, and to follow that up by radically reshaping and streamlining the West European steel industry in order to equip it to face the remaining years of the century with confidence.

The first part of the plan was partially accomplished. The second part involving reconstruction has not made a great deal of progress because of the difficulty that Brussels has found in exerting sufficient leverage on member governments to alter the shape and form of their iron and steel industries.

It would be an exaggeration to say that the invocation of the Davignon plan was the making of the British Independent Steel Manufacturers' Association. But there is no doubt that the independent British steelmakers have played a more important role in the councils of the European steelmakers since the formation of the plan and the necessity of regular detailed talks.

The main weakness of the Davignon plan was the inability of Davignon and his Brussels team to force Europe's independently-minded steelmakers to respect minimum levels of prices and maximum levels of production which were so necessary if the plan was to keep discipline in European steelmaking.

Continental steelmakers have been selling at below the Davignon minimum prices. Only in Britain have the private and public steelmaking sectors managed to keep prices at levels which—broadly speaking—bear some relation to the Brussels mandatory and recommended prices. And the reason for the higher British prices is not hard to discover. The insularity of the British market has proved sufficient to enable home producers to ask and receive differentials of up to 20 per cent upon Continental prices, even during bad times.

Downward spiral

Throughout the period of differentials between Continental and British steel prices, the British Steel Corporation has been in a downward spiral of falling production and mounting losses. Facing the other west European steelmakers alone in the councils of Davignon and of Eurofer (the European steelmakers' organisation), British Steel would have certainly appeared the odd man out.

But the presence also of the British independent steelmakers has enabled a balanced view of total British steelmaking interests to be presented. There is a feeling now in British steelmaking circles that the private and public sectors have helped each other more than they have hindered each other during the last three years when negotiating for the British steel industry with their Common Market counterparts.

Certainly, the frequent need to put forward a British viewpoint about steel affairs have drawn the two sectors of British steelmaking more closely together and has helped formulate a common approach in many European discussions.

In the years immediately following nationalisation, there was serious doubts, at times, whether the remaining private sector of British steelmaking would survive in the long run. Community membership and later the active co-operation of the British private steelmaking companies in the Davignon plan, and the accompanying rounds of steel talks, have helped give the private steelmakers a new sense of European identity.

Nevertheless, the private steelmakers are, by nature, free traders. BISPA made the following significant comment about its place in the Community, and the steel schemes, in the latest annual report:

"For steel in particular, 1979 was the *fourth year of crisis* in which the European Community found it necessary to operate special measures to limit the worst effects of low demand, excess capacity, and price levels which threatened the viability of many enterprises.

"The Davignon plan was maintained throughout the year and BISPA co-operated with the commission and other producers through Eurofer, on the continued implementation of its various aspects. By the year-end, it was clear that the poor steel demand outlook in Europe still called for the measures to be kept in force and BISPA looked forward to the probable maintenance of the plan.

"The hope must be that the year to come will bring more progress towards a restored balance between capacity and demand and to the eventual return to market disciplines, based on free competition without subsidy or other distortion."

However, the British private steelmakers, British Steel, and nearly every other European producer, are agreed that the *Davignon measures to restrain* imports of steel from countries outside the Community to agreed limits should continue in force.

It looks as though the Davignon-arranged agreements with other world steelmakers will continue to provide a measure of protection to the European companies. But there seems only a slim chance of a prices floor being maintained in the Community. That will make the going even tougher for BISPA members and for British Steel.

Depression in the motor industry and British Steel's notorious internal problems are going to cut down the level of public sector bulk steelmaking in Britain during the next few years by up to several million tonnes a year.

Difficulties

The public sector's problems will be the private sector's challenge. But even the most die-hard independent steelmakers admit that they would prefer to be entering the uncertain early years of the 1980s with a strong British Steel at their side. The difficulties that will be caused to the trade by British Steel's problems can do nothing but harm to the British steel industry, in general.

There is only limited scope for further rationalisation and regrouping by means of mergers and takeovers within the private sector of British steelmaking. Future changes in the sector are likely to involve some participation by companies outside steel — or even by foreign steelmaking companies. Meanwhile, the most active private-sector companies are already aware of the value of extending their activities into Continental Europe by means of joint arrangements or purchases.

The European steel scene is so disorderly at the moment that it looks, to the outsider, a most unpromising arena for investment. But the strength of the private steelmakers, up to now, has been their competitiveness, their ingenuity, and their ability to supply specialist markets. Those qualities will be the strength of the British private steelmakers as the Community steel business gradually sorts itself out.

Roy Hodson

REGIONAL STEEL PRODUCTION

UK Steel Industry (both publicly and privately owned); by regions, 1979-1980; weekly average thousand tonnes; not seasonally adjusted.

	First 5 months 1979	First 5 months 1980	1979 May*	1980 April*	1980 May
Northern	63.9	17.6	68.3	23.1	63.1
Yorkshire and Humberside	133.9	51.7	145.8	98.2	125.4
East Midlands	16.0	1.5	16.2	2.0	2.2
East Anglia, South East and South West	9.0	9.1	8.0	8.8	8.8
Wales	134.1	44.4	137.0	68.5	97.3
West Midlands	22.1	13.5	18.4	17.3	11.2
North West	4.7	4.9	4.0	5.5	4.9
Scotland	31.1	13.3	40.0	23.7	40.2
TOTAL	414.8	156.0	437.7	247.1	353.2

* 5-week month

Source: British Independent Steel Producers' Association and British Steel Corporation

UK STEEL OUTPUT

Private and public, 1978-1980

Total production of usable steel; weekly average, thousand tonnes; seasonally adjusted

1978	
May*	395.2
June	404.6
July	425.3
August*	288.4
September	403.4
October	403.5
November*	414.3
December	389.8
1979	
January*	319.5
February	408.5
March	430.5
April	443.9
May*	429.5
June	449.2
July	450.9
August*	374.2
September	452.6
October*	419.6
November	417.0
December	371.6
1980	
January*/February/March	**58.8
April*	236.0
May	346.6

* Five-week month.
** During the period of the steel strike, only the private sector was producing.
Source: British Independent Steel Producers' Association and British Steel Corporation.

COMMODITIES AND AGRICULTURE

Milk price decision soon

BY JOHN EDWARDS, COMMODITIES EDITOR

PETER WALKER, the Ministry of Agriculture, is still considering a plea from the dairy industry to raise the retail price of a pint of milk by 1.5p to 18p, a Ministry spokesman said yesterday.

However, it is expected that a decision, one way or the other, will be made before August 1—the date when the industry wants the higher milk price to be introduced.

Richard Butler, president of the National Farmers Union, pointed out yesterday that the request for a milk price rise, made a fortnight ago, was for the first time a joint approach from the industry with the farmers being backed by the Milk Marketing Board and the Dairy Trades Federation.

The tri-partite approach had involved some compromise in reducing the sie of the price increase requested, but he considered it a significant development that the industry was able to speak with one voice.

Mr. Butler claimed that milk producers had now reached the limit on how much they could tighten their belts. Appliactions for grants to give up dairy farming this year were three times higher than last year and the "death warrants" for 160,000 cows had been signed or applied for this year alone. He expected the June census of farm production to show a significant decline in the UK dairy herd.

Retailers deny apple boycott plan

BY OUR COMMODITIES EDITOR

PLANS FOR restricting imports of French apples to top quality grades only, announced earlier this week by UK farmers, *appear to have* been torpedoed. The British Multiple Retailers Association angrily denied that it was party to an agreement with fruit importers and wholesalers, engineered by the National Farmers Union, to boycott from August 1 poor quality French Golden Delicious apples, which are *alleged to be undermining* the UK market.

In a Press statement the association regretted "inaccurate" claims that it had entered into any agreement on restricting French apples sales. It added that no recommendation either had been made to its members about how to conduct their trading policy.

The National Federation of Fruit and Potato Trades, which represents wholesalers, said it had only made a recommendation to its members to restrict trading of French Golden Delicious to grade 1 apples only. However, it had no power to enforce the recommendation, which might possibly be a breach of EEC regulations.

It was pointed out that some Class 2 apples were perfectly satisfactory, and were only downgraded because they were the wrong size. There was no way sales of Class 2 apples could be banned. At the same time it is generally recognised that British growers send many sub-standard apples to market. Indeed this is one reason why French Golden Delicious have made *such inroads in* the UK market.

The National Farmers Union expressed surprise that the Retailers Association had nedied there was an agreement. An NFU official said the statement had been issued after consultations with the other interested organisations, who had agreed to it.

He pointed out that steps were being taken to improve the quality and marketing of British apples. Meanwhile talks have been held with the French at which one suggestion made was a quota on imports. However it appears doubtful whether the French will agree to such a step, which would be difficult to force on a fellow member of the Community.

However, some progress has been made with other problems facing the hard-pressed U.K. horticultural industry. At the EEC Farm Ministers meeting later this month it is hoped the Commission will come up with proposals to lessen the advantages enjoyed by Dutch tomato growers, whose competitiveness has been greatly helped by low-priced gas supplies.

The EEC Commission has already put pressure on Poland to prevent cut-price strawberry pulp sales from undermining the U.K. industry.

Australian wheat deal with USSR

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Wheat Board yesterday announced a contract with the Soviet Union for the supply of 2m tonnes of wheat to be shipped over the next 12 months.

The contract follows the recent announcement by Mr. Peter Nixon, the Minister for Primary Industry that wheat exports to Russia for the financial year which began on July 1 would be limited to 2.5m tonnes—an increase of 200,000 tonnes on last year's sales.

Mr. Nixon has yet to announce the limits on sales of coarse grains to the Soviet Union under the Government's policy of limiting total grain sales to last year's record amount of 3.9m tonnes in retaliation to the Soviet Union's invasion of Afghanistan.

A spokesman for the Wheat Board said yesterday he expected the Board to sell another 500 tonnes, bringing total sales up to this year's quota, in the Australian spring when the full extent of crop planting was known.

So far this winter about 95 per cent of the wheat crop has been planted, but drought delayed planting in some areas. The Wheat Board is expecting to export at least 15m tonnes of wheat in 1980-81.

The value of yesterday's contract was not made public, but at prevailing prices of A$145 (£73) to A$150 a tonne, it is estimated to be worth around A$300m.

Last year the Soviet Union was Australia's second largest wheat market after China and Australia was the world's second largest wheat exporter, behind the U.S. and ahead of Canada.

The 15.2m tonnes sold in the year ended June 30, 1980 brought A$ 2.2bn, a record for an Australian commodity.

Copper rises strongly

By Our Commodities Staff

COPPER prices rose strongly to the highest level since end-April *on the London Metal* Exchange yesterday following reports of a strike by Peruvian copper workers.

The uptrend was also encouraged by a statement from U.S. copper workers union representatives that no talks were planned at present to resolve the U.S. copper strike that started on July 1 when negotiations on the terms of new labour contracts ended in failure. Negotiations between the two sides have now been broken off with no date set for a resumption, according to the U.S. metal workers' union.

There was sufficient fresh buying interest in the market to drive up the cash wirebars price by £20 to £915 a tonne, in spite of the depressing influence of another fall in precious metals.

Traders said a testing point will be whether the three months quotation, which gained £19.75 to £937.5, goes through £940—a significant chartist buying point.

Other base metals were boosted by the rise in copper, with the exception of tin that came under some heavy trade selling pressure at one stage. The cash price closed £87.5 lower at £7,122 a tonne.

Polish grain imports

WARSAW — Poland imported 4.7m tonnes of grain and fodder, worth nearly $1bn, in the first six months of 1980, Ryszard Karski, Polish Foreign Trade and Shipping Minister has said.

The U.S. Agriculture Department earlier estimated Polish grain imports for the year to the end of June at 8m to 8.5m tonnes.

Recent heavy rain flooded over 200,000 hectares of intensive farming land in Poland and although prospects for the grain harvest still look good, oilseed production will be 25,000 tonnes short of target.

Meanwhile Polish industrial output rose by 5.8 per cent in the first six months of 1980 from the same 1979 period. Agricultural production is still suffering from the effects of last year's bad harvests and animal breeding has fallen.

The state purchased 2.7 per cent less meat in the first two quarters of the year compared with the same period in 1979.
Reuter

EEC FISHING

Court rules against Britain

BY RICHARD MOONEY

THE BRITISH GOVERNMENT has been put in a difficult position by yesterday's announcement that the European Court had ruled its unilateral fish conservation measures imposed in 1977 and 1978 illegal.

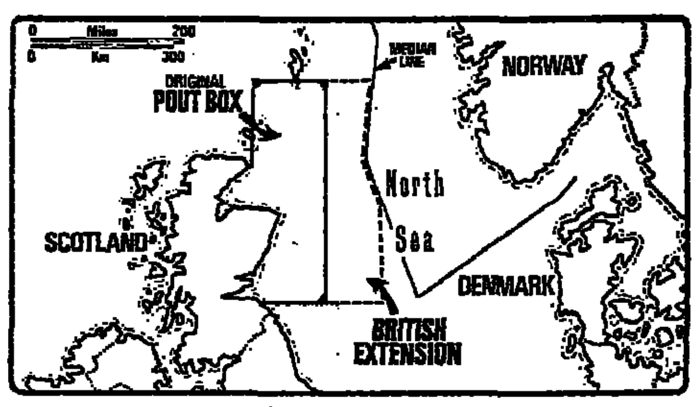
The measures were imposed under the last Government by Mr. John Silkin, the then Agriculture Minister, and two of them are no longer operative unilaterally because they have since been taken up by the EEC Commission itself. In the case of these two measures the Court ruling amounts to little more than a slap on the wrist for the British Government over certain irregularities in the way they were imposed.

But the other measure, the extension of the so-called Norway Pout Box off the north-east of Scotland, though not actually operative at the moment, is still in force. This increases by about 50 per cent between October and March the size of an area of sea barred to industrial fishermen.

Industrial fishing concentrates on small fish unsuitable for human consumption which are used for pulping into fish meal for animal feed. Its exponents use nets with very small meshes to scoop up the tiny fish usually caught for this purpose. The trouble is that any immature specimens of prime fish swimming in the area tend to get scooped up as well.

No one has any objection to Norway Pout, which are useless for any purpose other than fishmeal production, being caught *in this way*, but the Pout Box area is also an important spawning ground for haddock and whiting. Stocks of these species had suffered severely through industrial fishing.

Recognising this, the Commission set apart an area where industrial fishing was banned—this became known as the Norway Pout Box. But the British thought it was too small and unilaterally imposed an extension to cover the area the immature prime fish spread into during the winter.



This severely curtailed the area open to Danish industrial fishermen who complained bitterly to the Commission. When unofficial pressure failed to persuade *the British to relent*, the Commission, last autumn, referred the case to the European Court. In May, the Advocate General, the EEC's senior legal officer, gave the Court his opinion that the British action contravened the Treaty of Rome in that it amounted to an extension of national limits. And after due delibertion the Court yesterdy supported this view.

The British Government is now faced with two choices: to follow its natural and traditional inclination and abide by the law; or to emulate the French reaction to the Court's ruling on its lamb import restrictions and ignore it. The fact that the French have shown contempt for the Court over lamb and got away with it makes it all the more difficult for the British to meekly toe the line over fish.

There is no appeal against the Court ruling, but neither is there any penalty for ignoring it.

The Ministry of Agriculture in London was at pains yesterday to stress that no decision to defy the ruling had yet been taken. Details were still being awaited from Brussels and would be carefully studied when they arrived, the Ministry said. The British restrictions would remain in force in the meantime, they added.

The other British measures ruled illegal concerned herring fishing in the Mourne fishery off Northern Ireland and around the Isle of Man.

Britain broke EEC rules in the Mourne case by granting a derogation allowing a small quota to boats under 35 ft in *length. This effectively* discriminated against other EEC countries whose small vessels could not safely reach this fishery. The derogation was short-lived, however, and the fishery was closed altogether after the small boats had caught only another 160 tonnes of herring.

In the Isle of Man case, Britain did not inform the Commission of the licensing system imposed in 1977-78, failed to obtain approval for a cut in the herring quota and insisted that Irish fishermen landed their catches at the Isle of Man, breaking EEC rules on the free movement of goods.

Australian wool exports to China up sharply

SYDNEY — China and Indonesia have emerged as key markets for Australian wool, Mr. David Asimus, the chairman of the Australian Wool Corporation (AWC), has said.

He told the annual conference of the New South Wales Livestock and Grain Producers Association, that exports to China in the nine months to March this year showed an increase of 174 per cent on the same period in the previous year.

Mr. Asimus did not quote figures for exports to Indonesia but said following four years of research, Australian wool tops were the dominant fibre in quality fabric produced for the Indonesian market.

He forecasts that prices for Australian wool would remain firm in 1980-81.

Conservationists critical of farm grants rule

BY OUR COMMODITIES STAFF

PLANS TO save money on the administration of the Ministry of Agriculture's capital grants schemes by doing away with the requirement for prior approval of projects would be "disastrous" for wildlife, according to the Council for Environmental Conservation. This view has been backed by the National Farmers' Union.

Under the new arrangements, due to come into effect on October 1, farmers would apply for grants after the work had been completed, instead of having to get clearance beforehand as at present.

A meeting of the Council's wildlife link committee, representing 15 UK wildlife bodies, decided this week that the change would "extinguish the key point of contact at which conservation advice can be given to the farmer through the Ministry's Agricultural Development and Advisory Service." As a result it would accelerate the erosion of wildlife habitats in Britain.

Mr. Christopher Righton, vice-president of the NFU, yesterday agreed that it was essential that conservation advice be given before work starts. "The Ministry of Agriculture is the only agency capable of providing effective assistance to all farmers in caring for the *countryside," he said.*

He also questioned the real extent of the savings. In designated areas of great natural beauty farmers would have to get approval for building and drainage schemes from local authorities or the Nature Conservancy Council.

Call for food security plan for Third World

BELGRADE — The Third World should build up its own food reserves because advanced nations have failed to give the food aid they promised, according to delegates of the non-aligned movement meeting here.

The delegates said industrialised countries had given only $4bn of a pledged $8.3bn for agricultural development in the Third World, failed to provide a promised 10m tonnes of grain, and an emergency reserve of 500,000 tonnes of grains had not been established.

The three-day conference, which ended yesterday, recommended creation of a "food security system" for developing countries, involving greater co-operation and the stocking of regional reserves of food.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange. A strong rally in after-hours trading on Wednesday evening, reflecting reports of a strike at a Peruvian mine, lifted forward metal to around £935 and the market opened at that level yesterday. However, persistent trade selling was noted above this price and three months failed to move ahead throughout the morning. *During the afternoon* a strong opening on Comex prompted short covering in London and forward metal rose to the day's high of £940 before closing the late kerb at £937. Turnover 19,925 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	912-5	+11.5	914-5	+20
3 months	935-5	+10.7	937-.5	+19.7
Settlem't	913.5	+11.5	—	......
Cathodes				
Cash			886-8	+19
3 months	888.5-9	+15.2	912-4	+18
Settlem't	912-4	+15.5	—	......
U.S. Prod	889	+13	*97-101	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £932, 33, 35, 34, 35, 35.5. Cathodes, cash £888, 88.5. Kerb: Wirebars, three months £936, 35.5, 36, 35.5. Afternoon: Wirebars: three months £935, 35.5, 36, 37, 38, 37.5, 38, 37, 38, 39, 38.5, 38, 37.5, 37. Cathodes, three months £913. Kerb: Wirebars, three months £938, 37, 37.5, 38, 38.5, 38, 37, 39.

TIN—Lost further ground. Forward metal opened around the £7,210 level but immediately came under pressure from hedge selling and general liqudation which depressed the price to £7,190. In the afternoon the market met further hedge selling and selling from the Far East which in turn triggered stop-loss selling. This resulted in three months dropping sharply to £7,130 before American buying left the price at £7,165 on the late kerb. Turnover 940 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7190-210	+2.5	7115-30	—87.5
3 months	7200-10	+2.5	7135-30	—87.5
Settlem't	7210	+10	—	......
Standard				
Cash	7180-90	-12.5	7115-30	—87.5
3 months	7190-5	+12.5	7135-40	—87.5
Settlem't	7190	—10	—	......
Straits E.	$2136	+5		......
NewYork	—	......		......

Morning: Standard, three months £7,210, 7,200, 7,190. High Grade, three months £7,210, 05. Kerb: Standard, cash £7,180. Afternoon: Standard, cash three months £7,180, 70, 60, 40, 30, 40, 50, 45, 40. Kerb: Standard, three months £7,150, 60, 65.

LEAD—Gained ground in the wake of the rise in copper. Three months moved ahead throughout the day, opening around £346 and edging higher to touch £351 prior to closing the late kerb at £350. Turnover 5,525 *tonnes.*

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	341-.5	+4.25	342-4	+5.5
3 months	348-9	+4	350-.5	+5.75
S'ment	341.5	+4.5	......	......
U.S. Spot	—	......	*34-6	.....

Morning: Cash £341, three months £347, 48. Kerb: Three months £349, 50. Afternoon: Three months £349, 50, 51, 50.5, 50. Kerb: Three months £350, 49.

ZINC—Little changed on balance. Forward metal moved up to the day's high of £316—buoyed by the firmness of copper and lead—but eased back on profit-taking to close the late kerb at £312.5. Turnover 3,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	300-.5	—1	301-2	+2
3 months	311-.3	—.25	312-.3	+2
S'ment	300.5	—1	—	......
Primw'ts	—	.....	*35.5	......

Morning: Cash £302, 300.5, three months £314. Kerb: Three months £313. Afternoon: Three months £312, 13. Kerb: Three months £313.

ALUMINIUM—Sharply higher following the continuing shortage of immediate supplies, which widened the backwardation to £19 and encouraged good demand for forward metal—finally £734.5 on the late kerb. Turnover 6,900 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	736-.8	+14.5	749-51	+26
3 months	721-2	+8.75	734-5	+19

Morning: Cash £735, 36, three months £720, 22. Kerb: Three months £723, 24, 25, 24. Afternoon: Three months £725, 26, 28, 27, 28, 29, 31, 32, 33, 34. Kerb: Cash £749, three months £734, 33, 32, 30, 31, 33, 34.

NICKEL—Gained ground in the wake of other metals with forward metal closing the afternoon kerb at £2,807.5, after £2,810. Turnover 462 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2775-80	+12.5	2770-80	+18
3 months	2800-10	+12.5	2805-10	+17.5

Morning: Three months £2,805, 2,800. Kerb: Cash £2,785. Afternoon: Three months £2,810, 05. Kerb: Three months £2,805.

* Cents per pound. ‡ M$ per picul. † On previous unofficial close.

SILVER

Silver was fixed 21.85 an ounce lower for spot delivery in the London bullion market yesterday at £6.9415. U.S. equivalents of the fixing levels were: spot &16.49, down 51.4c; three-month &16.915, down 47.9c; six-month &17.371, down 48.4c; and 12-month 18.223, down 49.1c. The metal opened at £6.88-£7.00 (16.35-16.60) and closed at £6.83-£6.85 (&16-16.25).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	694.15p	—21.8	677.5p	—6.5
3 months	722.60p	—21.7	706p	—7
6 months	748.50p	—21.7	—	......
12months	792.95p	—21.7	—	......

LME—Turnover 117 (275) lots of 10,000 tonnes. Morning: three months 716, 17, 20, 21, 22, 21. Kerb: three months 721, 20. Afternoon: three months 704, 700, 03, 07, 05, 06. Kerb:

CORAL INDEX: Close 485-490 (—8)

COCOA

Futures turned in another listless performance and in thin trading ended the day at levels unchanged to those of Wednesday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1035-1037	—0.30	1037-1031
Sep	1048-1049	....	1049-1041
Dec	1089-1090	+0.50	1092-1085
March	1131-1133	+4.5	1133-1127
May	1154-1156	+6.0	1156-1151
July	1170-1180	+5.0	—
Sept	1190-1205	+5.0	—

Sales: 768 (1,893) lots of 10 tonnes.

COFFEE

A moderately active market saw no fresh features emerging but the forthcoming meeting of Latin-American coffee producers appeared to influence some short-covering operations. In the afternoon the upward momentum was fuelled briefly by a steady New York but trade selling became prominent enough to halt any rally and prices eased slightly towards the close in mixed activity, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
July	1345-48	+14.0	1362-32
Sept	1400-02	+17.0	1408-78
Nov	1435-38	+20.0	1440-13
January	1449-50	+25.5	1465-50
March	1415-18	+11.5	1420-00
May	1405-40	+12.5	1428-12
July	1445-70	+37.5	—

Sales: 159 (192) lots of 100 tonnes.
ICS Indicator prices for July 9. (U.S. cents per pound): Other Mild Arabicas 155.83 (159.33). Robustas ICA 1976 150.00 (151.50). ICA 1968 150.25 (151.75). Unwashed Arabicas 206.50 (same). Comp. daily ICA 1968 174.56 (176.81).

GRAINS

LONDON GRAIN FUTURES—Good general demand was seen throughout the day, the main interest being in the nearby options and wheat values closed firm 40p-60p higher. Barley saw less buying support, volume was lower than wheat but values did close steady 25p-35p higher on the day, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	96.15	+0.60	91.70	+0.25
Nov.	99.85	+0.55	95.75	+0.25
Jan.	103.50	+0.45	99.60	+0.55
Mar.	107.00	+0.55	102.95	+0.35
May.	110.40	+0.40	106.20	+0.30

Business done—Wheat: Sept. 96.15-95.85, Nov. 99.85-99.50, Jan. 103.55-103.20, March 107.00-106.90, May 110.35-110.10. Sales 189 lots of 100 tonnes. Barley: Sept. 91.65-91.45, Nov. 95.70-95.55, Jan. 99.55-99.25, March 102.80-102.70, May 106.10-106.00. Sales 117 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug. 97.25, Sept. 99.25 transhipment east coast. U.S. Hard Winter 13½ per cent July 90 transhipment east coast. English Feed fob Nov. 103.50, Dec. 105 east coast. Maize: French July/Aug. 123 transhipment east coast. S. African yellow July/Aug. 80. Barley: English Feed fob Aug. 93, Sept. 93.75, Oct./Dec. 99, Jan./March 105.50 east coast. *Rest unquoted.*

HGCA—Locational ex-farm spot prices. Feed barley: S. East 98.00, S. West 92.00, W. Midlands 95.70, N. West 95.40.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 204 tonnes, this being the total for the week so far. More replenishment needs were under review after the limited uptake earlier in the week. Interest was mainly centred on Middle Eastern qualities with some support in the range of African growths.

RUBBER

The London phisycal market opened about unchanged with fair interest throughout the day, closing on a slightly steadier note. Lewis and Peat reported a Malaysian godown price of 290 (same) cents a kg (buyer, August).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug.	58.10-58.20	58.40-58.70	58.20-58.60
Sept.	60.10-60.30	59.40-59.80	60.00
Oct-Dec	62.50-62.60	61.70-62.00	62.50-61.80
Jan-Mar	65.70-65.80	65.10-65.20	65.80-65.10
Apr-Jne	68.50-68.60	67.90-68.00	68.50-68.20
Jly-Sept	71.10-71.20	70.50-70.80	71.00-70.70
Oct-Dec	73.60-73.70	72.90-73.00	73.70-73.50
Jan-Mar	76.00-76.20	75.60-75.70	75.90
Apl-June	78.80-79.00	78.10-78.20	78.60-78.50

Sales: 363 (544) lots of 15 tonnes, 24 at 5 tonnes.
Physical closing prices (buyer) were: Spot 57.50p (57.75p); Aug. 62.00p (61.75p), Sept. 62.50p (62.50p).

SOYABEAN MEAL

The London market opened with losses of £1.50 on light long liquidation, reports T. G. Roddick. Trade buying held prices steady and late in session renewed concern over the continuing dry weather conditions prompted fresh buying and prices finished unchanged on day.

	Yest'rday Close (£ per tonne)	+ or —	Business Done
August	108.50-08.7	+0.40	109.20-08.00
October	110.50-10.7	+0.20	110.70-08.70
December	113.40-13.5	—0.15	114.00-12.10
February	118.30-18.5	—0.05	117.00-15.00
April	117.70-18.2	+0.05	118.00-16.90
June	118.50-21.0	—0.25	—
August	119.50-23.0	+0.25	—

Sales: 5,068 (7,129) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £263.00 (£261.00) a tonne cif for July-Aug. shipment. White sugar daily price was £295.00 (£281.00).

Opening prices were some £3.00 above kerb levels and the market consolidated the gains over the day in active trading conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close (£ per tonne)	Previous Close	Business Done
Aug	288.50-88.00	279.00-80.00	296.00-82.00
Oct	311.25-11.50	301.50-02.00	316.00-288.0
Jan	320.50-21.00	309.05-09.50	321.00-09.00
Mch	332.05-32.25	322.00-22.25	337.00-17.50
May	328.50-28.75	318.50-19.00	331.00-24.00
Aug	322.00-23.25	311.00-12.00	321.25
Oct	315.50-15.00	305.00-05.00	—

Sales: 6,093 (16,337) lots of 50 tonnes.

Number 2 Contract—Close (in order buyer, seller, business, sales). Aug. 297.50, 298.00, 302.00-288.00, 1,256; Oct. 320.00, 320.50, 324.00-307.00, 2,826. Sales 4,082 (7,009).

Tate and Lyle ex-refinery price for graulated basis white sugar was £342.60 (same) a tonne for home trade and £370.00 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 9. Daily price 26.21 (25.57); 15-day average 30.69 (31.02).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 472.0, 473.0, 473.0-471.5, 81; Oct. 455.0, 456.0, 457.5-454.5, 72; Dec. 459.5, 460.0, 462.0-458.0, 55; March 463.5, 464.5, 464.5-463.5, 48; May 465.0, 466.0, 466.0-464.0, 18; July 467.0, 468.0, 467.1-467.0, 9; Oct. 467.0, 468.0, 467.0-467.0, 8; Dec. 466.0, 469.0, —, —. Sales: 301.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 359, 367, 360, 3; Oct. 363, 367, 363, 2; Dec. 365, 370, 366-364, 10; Jan. 368, 372, 366, 6; March 371, 378, 371-368, 8; May 372, 376, 371-370, 10; Aug. 373, 380, 375, 7; Oct. 376, 380, 376, 5; Dec. 377, 380, 378-376, 16. Sales 67.

BRADFORD WOOL—The tops market is very quiet with only limited crossbred inquiry circulating. Deliveries also are slowing down as textile mills prepare for the seasonal holiday. Prices are largely unchanged.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 10 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1720/1740	......	$1720/40
Copper			
Cas w'bar	£915	—20	£840.75
3 mths	£937.25	—19.75	£862.25
Cash Cathode	£887	+19	£817.5
3 mths	£913	+19	£839.75
Gold troy oz	$660.5	—3	$591
Lead Cash	£343	+6.5	£299.5
3 mnths	£350.25	+5.75	£308.75
Nickel	£3,248.35	......	£3,248.35
Freemkt(cif lb	280/310c	......	270/300c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£290.10	—4.45	£268.70
Quicksilvert	$400/410	+5	$375/385
Silver troy oz	694.15p	—21.85	653.55p
3 mths	722.60p	—21.7	678.55p
Tin Cash	£7,122.5	—87.5	£7,332.5
3 mths	£7,137.5	—87.5	£7,355.5
Tungsten22.04lb	$143.85	......	$141.75
Wolfrm 22.04 lb	$144/147	+1	$138/143
Zinc cash	£301.5	—2	£283
3 months	£312.5	+2	£294.5
Producers	$780	......	$780
Oils			
Coconut (Phil)	$640x	—5	$655
Groundnut	‡	......	‡
Linseed Crude	£410	......	£391
Palm Malayan	$555y	......	$562.50
Seeds			
Copra Philip	$445x	—5	$425
Soyabean(U.S.)	$290z	—15.65	$266.25
Grains			
Barley Futures	£95.75	+0.25	£95.80
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No 2HardWint	£90	—2.5	‡
Eng. Millingт	‡	......	‡
Other commodities			
Cocoa ship't	£1,089	—5	£1 163
Future Sept.	£1,048.5	......	£1,107
CoffeeF t'Sept.	£1,401	+17	£1,697.5
Cotton A Index	86.15c	+0.45	83.90c
Rubber (kilo)	57.50p	—0.25	59.50p
Sugar (Raw)	£263	+2	£305
Woolt'ps 64s kl.	290p kilo	......	293p kilo

u July-Aug. s Sept. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

POTATOES

LONDON POTATO FUTURES — The market eased a little at the opening, and traded 20p-30p down until some strong selling at the close forced values down further. Trade buyers were in evidence, but with some stop loss orders being triggered the market closed weak, reported Coley and Harper. Closing prices: Nov. 45.60 —60 (high 45.90, low 45.50); Feb. 52.60 —40 *(high 52.90, low 52.60); April 59.60* —50 (high 60.00, low 59.80). Turnover: 57 (33 lots of 40 tonnes).

*

HIDES—Manchester: weaker undertone. Second clears. Ox 31-35.5 kilos, 33p a kilo (33.6p a kilo); 25-30.5 kilos, 36.8p (38.0p); 22-25.5 kilos, 37p (40.1p). Light cows 38p a kilo (39p).

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 63.0 to 68.0; Eire hindquarters 75.0 to 79.5, forequarters 40.0 to 43.0. Lamb: English small 64.0 to 68.4, medium 62.2 to 65.0, heavy 59.2 to 63.0: Imported frozen NZ pl 61.0 to 62.0, pm 57.0 to 59.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 40.0 to 47.5, 120-160 lbs 38.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 10. GB—Cattle 76.64p per kg lw (—3.48). UK—Sheep 135.35p per kg est dcw (—13.47). GB—Pigs 67.17p per kg lw (+0.04).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113s 3.60-4.40; Cyprus: Valencia Lates 3.60-4.50; Californian Sunkist: Valencia Lates 72/113s 4.50-5.80; Outspan: Navels 3.50-4.95. Lemons—Italian: 100/150s 4.60-5.00; Spania: Trays 25/45s 1.80-2.40, boxes 4.50-5.50; S. African: 6.00-6.50. Grapefruit—Outspan: 4.00-5.25; Texas: Pink flesh 7.50. Apples—New Zealand: Red Dougherty 11.00-12.00; Tasmanian: Sturmer Pippins 10.00, Crofton 12.00; S. African: Golden Delicious 10.80-11.20, Granny Smith 10.80-11.50; Dutch: 22-lb Golden Delicious 4.00; French: 40-lb boxes, Golden Delicious 138/198s 8.50-10.00, 20-lb 5.00-6.20; Italian: Jonathans/Romes 40-lb 8.50. Pears—Spanish: Morettini per pound 0.25-0.30; Victorian: Josephines 13.00, Packhams 14.00, Winter Nelis 11.00-12.00. Peaches—Italian: 1½-trays 1.80-4.00; French: 2.00-2.20; Greek: 1.80. Plums—Spanish: Red 1.80-2.60, Yellow 1.30, Gaviota trays 7-lb 1.30-1.40, boxes 2.20-2.80, Burbanks boxes 1.80-2.00; Italian: Florentias 20-lb 2.00. Apricots—Spanish: 2.50-2.80; Greek: 4.50. Grapes—Per pound Cyprus: Cardinal 0.70, Perlette 0.80, Sultana 0.85; Portuguese: *Cardinal 0.50. Melons—Israeli: Galia* 4.00; Spanish: Marina 5/6s 2.40, Ogen 3.50-4.00, Galia 3.50, Yellow 10 kilos 4.00-6.00. Water-Melons—Israeli: 5.00; Spanish: 3.50; Italian: 3.50. Bananas—Jamaican: 28-lb, per pound 0.17. Tomatoes—Dutch: 3.00-3.10; Guernsey: 2.60-3.20; Jersey: 2.90; French: 2.40. Onions—Spanish: 6.00-6.40; Texas: *7.50; French: 6.20. Potatoes—Cyprus:* New crop 20-kg 4.00, Jersey: 4.40. Carrots—French: 26-lb 2.60; Italian: 2.20. Beetroots—Cyprus: New crop, approx. 28-lb 1.50. Cabbages—Dutch, White 2.60-3.20. Courgettes—French: Per pound 0.25. Capsicums—Dutch: 4.00; Italian: 3.60; Spanish: 3.60.

English Produce: Potatoes—Per bag, new 2.70-2.80. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Bramley 0.15-0.24. Strawberries—English per ½-lb 0.20-0.25. Cabbages—Per bag 1.00. *Cauliflowers—Per 12s English 1.80-2.00* Peas—Per pound 0.20. Broad Beans—Per pound 0.09. Beetroots—Per bag 1.80. Cucumbers—Trays 10/20s 1.30-1.50. Tomatoes—Per 12-lb 2.80-3.00. Lettuce—Per pound round 0.60-0.80. Cos 1.00, Webbs 1.00. Carrots—New crop 28-lb 2.60-3.30.

*

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.80-£5.00, codlings £2.40-£2.80. *Large haddock* £3.30-£4.00, medium £3.00-£5.00, small £2.00-£3.00. Large plaice £4.50-£5.20, medium £4.40-£5.40, best small £3.40-£4.70. Skinned dogfish (large) £8.00. Lemon soles (large) £6.50, (medium) £5.00. Saithe £1.40-£2.00.

AMERICAN MARKETS

NEW YORK, July 10

GRAINS AND soybeans reversed Wednesday's losses into comparable gains on Thursday. A similar reversal in the livestock complex produced limit gains in hogs and pork bellies, but caused minor to sizeable losses in cattle. Precious metals have been under pressure due to the rumoured Soviet offer to withdraw some troops from Eastern Europe. Copper rallied early, but finished under pressure. Sugar ran into *trade selling and early gains were* turned into limit losses. Coffee rebounded on the upside in a technical reaction. Cocoa was featureless in light trading. Profit taking in cotton put the market under moderate pressure. Reported Heinold.

Potatoes (round whites)—Nov. 78.3-78.4 (77.4), March 97.7-98.0 (97.3), April 117.7-118.1. Sales 842.

Sugar—No. 11 Sept. 26.70-27.00 (28.31), Oct. 27.97, Jan. 29.15, March 30.17, May 29.40, July 28.73, Sept. 27.90, Oct. 27.77.

Tin—769.00-785.00 asked (772.00-781.00).

CHICAGO, July 10.

Lard—Chicago loose 18.75 (18.50). New York prime steam unavailable.

Live Cattle—August 71.20-71.40 (71.42), Oct. 68.80-68.95 (69.02), Dec. 69.20-69.05, Jan. 69.50, Feb. 69.40-69.25, April 70.10-69.95, Jan. 71.30.

Live Hogs—July 43.90-43.80 (42.47), August 42.25-42.05 (40.81). Oct. 41.30-41.40, Dec. 44.25-44.40, Feb. 46.70, April 46.20-46.22, June 47.95, July 48.40, August 48.00.

‡‡Maize—July 298¾-299¼ (293¼). Sept. 307-307¼ (301¼), Dec. 315½-314¼, March 327-327½, May 333¾-334¼, July 337¾.

Pork Bellies—July 41.02 (39.02). August 40.60 (38.60). Feb. 56.85, March 56.97, May 57.60, July 57.70, August 57.10.

†Soyabeans—July 722 (705). August 727-724 (712½), Sept. 734-733½, Nov. 752-749, Jan. 762-763½, March 781-780, May 792-793, July 801-802.

‖Soyabean Meal—July 195.5 (191.5). August 197.5-197.0 (192.9), Sept. 200.0-199.5, Oct. 203.5-202.5, Dec. 207.5-207.0, Jan. 210.0-209.5, March 215.0-214.5, May 218.0-219.0, July 223.0, August —

Soyabean Oil — July 25.35-25.40 (25.00), August 25.45-25.42 (25.12), Sept. 25.70-25.75, Oct. 25.95, Dec. 26.30-26.35, Jan. 26.40-26.50, March 26.70-26.75, May 27.00-26.95, July 27.20, August 27.20-27.30.

†Wheat—July 425-424¼ (419½), Sept. 433½-433 (429¼), Dec. 451-449, March 465-464, May 470-469½, July 472.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 10

Wheat—U.S. No Two Dark Hard Winter 13.5 per cent July $192, U.S. No Two Red Winter July $180, Aug. $182, Sept. $185. U.S. No Two Northern Spring 14 per cent July $207.50, Aug. $208, Sept. $210, Oct. $213, Nov. $216.50, Dec. $223. Rest unquoted.

Maize—April $142, Aug. $143.50, Sep. $145.75, Oct./Dec. $151.50, Jan./March $159.75.

Soyabeans—U.S. Two Yellow gulf-ports spot $287.50, April $283.50, July $284.25, Aug. $286.75, Sept. $289.75, Oct. $295, Nov. $295.50, Dec. $300.75, Jan. $305, Feb. $310.75, March $313.75, April $317.75, May $319.75. Argentina July $282, Aug. $283, Sept. $287.50.

Soyameal—44 per cent protein April $230, July $230, Aug. $236, Sept. $239, Oct. $248, Nov./March $255. Brazil Pellets July $239.50, Aug. $243, Sept. $248, Oct. $254, Nov./March $266.

PARIS, July 10

Cocoa (FFr per 100 kilos)—July 980, Sept. 985-1,004, Dec. 1,015-1,030, March 1,060-1,079, May 1,070-1,085, July 1,080-1,100. Sales at call 0.

Sugar (FFr per 100 kilos)—Aug. 2,860-2,920, Oct. 2,991-2,989, Nov. unquoted, Dec. 3,055, March 3,202, May 3,140, July 3,130, Aug. 3,120. Sales at call 1.

INDICES

FINANCIAL TIMES

July 9	July 8	Mnth ago	Year ago
268.23	271.70	266.71	293.75

(Base: July 1, 1952=100)

MOODY'S

July 9	July 8	M'nth ago	Year ago
1166.5	1184.7	1126.2	1090.8

(December 31, 1931=100)

DOW JONES

Dow Jones	July 9	July 8	Month ago	Year ago
Spot	415.32	418.83	425.47	413.16
F'tur's	433.36	439.17	438.18	427.61

(Average 1924-25-26=100)

REUTERS

July 10	July 9	M'nth ago	Year ago
1675.1	1676.0	1670.4	1582.6

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Warning about Government spending dampens markets
Equities also unsettled by Imperial Group statement

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18

* "New time" dealings may take place from 9 am two business days earlier.

The Treasury warning about the high level of Government spending and borrowing imparted a gradual sobering influence in London stock markets yesterday. Investment enthusiasm waned noticeably after the recent sharp expansion and Gilt-edged securities were unable to *maintain early strength* which had enabled the new long tap stock to be activated in first-time dealings. Leading shares also lacked conviction, particularly after Imperial Group's interim statement with its forecast of lower full-year profits.

An emotionally-charged atmosphere prevailed in opening trade in Gilts with the overnight upsurge continuing. Longer-dated stocks wer soon ½ up on Wednesday's after-hours' levels which had been ½ better than that day's closing prices. The Government broker was able to sell supplies of the new £20-paid long tap, Treasury 12 per cent 1987, at 20½, but demand was not sufficient for him to withdraw at that price. The tone subsequently began to soften throughout the sector.

A fair two-way trade was effected later, without matching recent high standards, and usually at receding prices before stability returned towards the official close. Finally, most longs settled a shade below the late higher levels of the previous day. Selected low-coupon shorts benefited from specialist support from high tax payers, but higher-coupon stocks tended to display small mixed movements.

End-Account selling was prevalent in many equity sectors and, apart from fairly numerous firm spots among situation issues, most lost early firmness. Leading industrials moved similarly and after being a penny or two better ended with minor losses. Yet again, the hourly movements in the FT 30-share index were varied and a 10.00 am gain of 2.2 was finally replaced by a net fall of 3.6 at 489.4 with a large part of the day's loss attributable to Imperial Group, down 8 at 81½p.

Imperial attracted an extremely active Traded options business, contributing 514 contracts to the total of 1,687. Also in demand were **Lonrho**, and **Land Securities** with 273 and 209 trades respectively.

Banks firm

Firm conditions prevailed in home banks but the volume of business contracted. **Midland** stood out with a gain of 7 to 365p. Still reflecting the chairman's encouraging statement, **Allied Irish** added 6 afresh to 122p. Merchant banks encountered selective investment support with **Hill Samuel** prominent at 133p, up 5. **Brown Shipley** gained 6 to 342p. Australian issues hardened in places. **Bank of New South Wales** rose 8 to 153p as did **Commercial Bank of Australia**, 133p.

Insurances were featured by a rise of 4 to 113p in **Hogg Robinson** following buying ahead of the preliminary results due later this month.

Lack of buyers left leading Breweries with modest falls. **Greenall Whitley** moved against the trend, however, and firmed 4 to 220p.

Special situations were usually responsible for noteworthy movements in Buildings. **Burnett and Hallamshire** rose 50 for a three-day gain of 95 to 760p in a thin market on speculation that a suitor could be attracted by the company's coal interests. **Derek Crouch**, which also has an opencast mining operation, put on 8 to 160p in sympathy. Elsewhere, **G. H. Downing** gained 11 for a two-day rise of 14 to 124p in response to the better-than-expected second-half performance, while **Alexander Russel** hardened a penny to 63p, after 65p, on the higher annual profits.

Among Chemicals, **Leigh Interests** pushed up 6 to 162p, but **Allied Colloids** weakened 5 to 107p. **Coalite** were quoted 3 up at 129p ex rights, while the new nil paid shares opened at 31p premium and touched 42p premium before closing at 39p premium in active trading.

Home Charm good

Good early support for Store majors tailed off by the afternoon and most ended a shade lower on balance. **Mothercare** fell 6 to 228p, while **Marks and Spencer** shed a penny at 95p. **Burton**, on the other hand, firmed 5 to 125p, after 127p. Elsewhere, **Harris Queensway** declined 4 to 148p but strong interest was shown for **Home Charm**, 9 better at 106p. A buoyant market since the return from suspension on Tuesday, **Polly Peck** encountered profit-taking after cautious Press comment and fell 12 to 116p. The substantially higher annual profits from **Ratners** were fully expected and the shares eased a shade to 60p, but fellow jewellers **James Walker** rose 6 to 76p in sympathy.

Nervous offerings ahead of the annual results, due today, left **Thorn EMI** 4 down at 304p in an otherwise firm Electrical sector. Renewed investment demand prompted gains of 7 and 14 respectively in **Racal**, 275p, and **Ferranti**, 644p, while **GEC** closed 2 harder at 444p, after 446p. **Muirhead** improved 5 to 98p as did **Quest Automation**, to 145p.

Secondary issues provided the focal point in Engineerings. **Howden** rose 4½ to 93p in response to better-than-expected results and **600 Group** revived with a similar rise to 65p. **Victor Products Wallsend** advanced 10 to 205p on speculative support, while **Braithwaite**, 76p, and **Mitchell Somers**, 41p, gained 3 and 2 respectively after trading news. **Davy Corporation** improved 3 to 99p following Press comment and **Weir Group** were favoured at 41p, up 4. Further consideration of the group's £3.1m acquisition of Technograph helped **Ransome Hoffmann Pollard** put on 3 to 103p.

End-Account influences led to dullness in Foods, **Tate and Lyle** and **British Sugar** losing 4 apiece to 152p and 226p respectively. **Associated Dairies** also encountered selling and shed 6 to 172p. Down 2½ on Wednesday awaiting the half-yearly results, **Watson and Philip** shed 3 to 36p on the announcement and sharply lower interim profits left **Jamesons Chocolates** 6 lower at 46p.

Among Hotels and Caterers, a couple of buyers lifted **Prince of Wales** 8 to 93p in a thin market.

First-half profits from **Sotheby Parke Bernet** were deemed disappointing and the shares fell away steadily to close 45 down at 500p. **Christies International** dipped 16 to 210p in sympathy. **United Gas Industries** released preliminary figures which failed to match expectations and closed 7 down at 68p. A firm market of late on the announcement that Mr. John Bentley had acquired a near-13 per cent stake in the company, **Tebbitt** came alive again yesterday, rising 5 to 34p on news that Mr. Jim Slater had bought 500,000 shares, or 3.2 per cent, of the issued capital. Speculative buying on revived bid hopes lifted **Howard Tenens** 6 to 77p and **ICL**, following renewed investment support, added 7 to 171p. Demand ahead of Monday's preliminary results helped **Vinten** add 8 further to 152p after 155p, and **Bestobell** rose 6 more to 292p on continuing hopes of another bid attempt from BTR. **Aeronautical and General** put on 7 to 243p on demand in a thin market and **Ricardo** rose 8 to 374p.

Motors remained quiet. **Dowty** provided a rare feature, rising 8 to 227p on reflection of its mining equipment interests.

Marshall Cavendish rose 3 to 31p to match the agreed offer from Times Publishing Berhad. Elsewhere in publishing issues, **United Newspapers** added 8 to 213p. **John Waddington** also remained firm, closing at 138p to take the rise to 22 since Tuesday's preliminary statement.

Properties continued to benefit from a broker's circular, but closing levels were usually below the best. **Land Securities** finished just 2 firmer at 352p, after 355p and **MEPC** 3 higher at 220p, after 223p. **Hammerson A** retained a gain of 10 at 495p, while **Great Portland Estates**, 268p, and **Haslemere Estates**, 354p, hardened 4 apiece. Elsewhere, **Bridgwater Estates** met with support and rose 15 to 435p, as did **Imry**, 20 to the good at 705p. **Marlborough** firmed 4 to 36p pending the outcome of the property revaluation and joint venture with **Property and Reversionary**, a couple of pence harder at 156p. In contrast, **Daejan** shed 6 to 154p despite the higher annual profits.

Renewed selling and lack of support led to marked duliness in Oils under the lead of **British Petroleum**, down 8 at 352p. **Tricentrol** gave up 12 to 364p and **Ultramar** 10 to 356p. Publicity given to a broker's bullish circular caused initial firmness in **Lasmo** which touched 795p before at late reaction left the close a net 13 off at 770p. **Clyde** eased 25 to 535p on late offerings, while **Candecca**, 198p, and **Carless**, 123p, shed 7 and 5 respectively. In contrast, **Aran Energy** added 8 for a two-day gain of 26 to 476p as speculative interest continued, while **Global Natural Resources**, at 455p, recovered 15 of the previous day's fall of 25.

The recently active Investment Trust sector was further enlivened by an agreed offer for **Stanhope General** from **Dares Estates**; Stanhope jumped 40 to 200p on the news while Dares eased a fraction to 19p. Among Financials, **Akroyd and Smithers** continued to respond to buying in a narrow market and improved 11 more to 336p, while continued demand left **Mercantile House** 14 better at 286p which is 38 up on the week so far. **Hampton Trust** gained 2 to 37½p on the annual results.

Imperial slumped 8 to 81½p in response to interim profits well below market expectations and warning of reduced second half earnings. Other Tobaccos turned easier in sympathy with **Bats** losing 4 at 283p.

Golds down again

Mining markets generally came under a fair amount of selling pressure as profit-taking and nervous selling followed the further decline in the bullion price—finally $3 lower at $660.5 an ounce.

South African Golds eased in the wake of persistent selling—most of it coming from London—and tended to weaken further in the after-hours' trade on American selling. Consequently, the Gold Mines index gave up 7.5 more for a two-day fall of 12.1 to 361.7. In the heavyweights, **Hartebeest** were particularly affected and dropped £1¾ to £29.

London Financials were easier with the notable exception of **Charter Consolidated**. Another heavy two-way business was transacted in the shares, which touched a 1980 high of 234p in the wake of sizeable investment demand before reacting on profit-taking and closing unaltered on balance a 230p; the company's annual report is published today.

Tanks fell to 322p immediately following the latest Ashton venture report but met good demand for the rest of the day and closed only 2 cheaper at 330p.

Rio Tinto-Zinc—involved in the Ashton venture through its holding in Conzinc Riotinto—slipped 5 to 462p. The weakness of the bullion price encouraged persistent selling of **Gold Fields** which dipped 10 to 542p.

Renewed profit-taking prompted widespread losses in Australians, especially the gold issues. **GMK** gave up 6 to 430p, **North Kalgurli** and **Poseidon** 3 apiece to 89p and 214p respectively and **Whim Creek** 5 to 95p. Among the leading base-metal issues **MIM Holdings** lost 10 to 238p.

The energy sector provided a feature in **Strata Oil** which advanced 17 to a peak 117p; the company's Woodada No. 2 appraisal well should reach target depth in the next few days.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	58	—	70	43	86	—	365p
BP	330	28	—	46	14	64	—	"
BP	360	7	6	26	68	44	2	"
BP	390	1½	—	18	9	32	—	"
BP	420	—	—	10	2	—	—	"
Com. Union	140	22	—	28	1	33	—	161p
Com. Union	160	4	—	14	2	19	—	"
Cons. Gold	460	88	1	115	—	127	—	542p
Cons. Gold	500	48	10	82	6	98	—	"
Cons. Gold	550	12	25	50	5	69	5	"
Cons. Gold	600	3	10	26	—	42	—	"
Courtaulds	60	25½	—	30	1	31	6	85p
Courtaulds	70	15½	55	20½	—	23	10	"
Courtaulds	80	6	3	14	16	17	15	"
Courtaulds	90	1½	—	9	1	12	4	"
GEC	390	58	—	76	20	94	—	446p
GEC	420	28	2	50	12	70	—	"
GEC	360	7	—	28	22	44	—	"
Grand Met.	120	47	—	49½	—	55	2	166p
Grand Met.	140	27	4	31	2	37	—	"
Grand Met.	160	8	7	18	17	25	10	"
Grand Met.	180	2	—	9	13	17	5	"
ICI	360	26	2	41	1	54	—	384p
ICI	390	7	1	21	—	36	—	"
Land Secs.	273	86	—	98	1	—	—	354p
Land Secs.	323	36	1	52	05	66	—	"
Land Secs.	353	10	120	32	37	46	—	"
Marks & Sp.	80	16	—	20	—	23½	2	95p
Marks & Sp.	90	6½	—	13	—	16	5	"
Marks & Sp.	100	1½	—	7	15	11½	1	"
Shell	330	83	11	92	—	—	—	410p
Shell	390	23	—	43	7	68	—	"
Shell	420	5	15	24	27	38	1	"
Totals			273		392		68	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	70	14½	—	17	5	19	5	83p
Imperial Gp.	80	6	72	8	28	12½	10	"
Imperial Gp.	90	½	89	4	290	7	15	"
Lonrho	80	36	5	39	11	41	—	112p
Lonrho	90	26	5	30	1	34	—	"
Lonrho	100	17	60	25	17	27	3	"
Lonrho	110	10	130	17½	38	22	5	"
P. & O.	100	30	2	32½	—	34	—	126p
P. & O.	110	20	11	24	—	26	—	"
P. & O.	120	10½	15	17	—	19½	1	"
P. & O.	130	6	3	10	1	15½	8	"
Racal Elec.	220	57	30	68	—	78	—	275p
Racal Elec.	240	37	2	51	—	62	—	"
Racal Elec.	260	22	10	36	—	48	—	"
Racal Elec.	280	11	18	22	20	36	—	"
RTZ	330	138	—	155	2	—	—	462p
RTZ	360	108	5	125	5	145	2	"
RTZ	390	78	6	98	2	120	—	"
RTZ	420	52	1	75	4	100	—	"
RTZ	460	30	11	48	8	73	—	"
Totals			473		432		49	

FINANCIAL TIMES STOCK INDICES

—	July 10	July 9	July 8	July 7	July 4	July 3	A year ago
Government Secs.	70.71	70.73	70.89	70.34	69.97	69.92	72.90
Fixed Interest	71.92	71.66	71.56	71.43	71.17	71.02	74.66
Industrial	489.4	493.0	492.7	495.0	485.8	480.1	469.8
Gold Mines	361.7	369.2	373.8	364.1	360.6	358.4	166.4
Ord. Div. Yield	7.40	7.36	7.36	7.34	7.60	7.50	6.70
Earnings, Yld. % (full)	18.00	17.90	17.91	17.84	17.98	18.13	16.81
P/E Ratio (net) (*)	6.74	6.77	6.77	6.79	6.76	6.71	7.62
Total bargains	25,425	26,926	30,557	27,696	26,151	22,655	—
Equity turnover £m.	—	130.99	211.34	145.90	171.09	169.78	67.80
Equity bargains total	—	20,100	24,829	20,295	19,724	18,492	11,669

10 am 495.2. 11 am 495.1. Noon 494.8. 1 pm 492.6. 2 pm 490.7. 3 pm 491.0.

Latest index 01-246 8026.

*Nil=6.28.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.73 (9/7)	63.85 (7/5)	127.4 (9/1/58)	49.18 (3/1/75)
Fixed Int.	71.92 (10/7)	64.70 (10/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	495.0 (7/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/5)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 10	July 9
—Daily		
Gilt Edged	119.6	101.2
Industrials	135.1	146.2
Speculative	47.2	59.3
Totals	89.1	96.3
5-day Avge.		
Gilt Edged	127.9	131.4
Industrials	147.8	144.4
Speculative	53.2	56.6
Totals	99.3	98.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (190)

BRITISH FUNDS (29)
CORPORATION LOANS (5)
COMMONWEALTH AND AFRICAN LOANS (1)
LOANS (7)
FOREIGN BONDS (1)
AMERICANS (4)
BANKS (6)
BEERS (3)
BUILDINGS (9)
CHEMICALS (3)
DRAPERY & STORES (11)
ELECTRICALS (13)
ENGINEERING (16)
HOTELS (1)
INDUSTRIALS (25)
INSURANCE (2)
MOTORS (2)
NEWSPAPERS (2)
PROPERTY (24)
SHIPPING (3)
TEXTILES (4)
TRUSTS (33)
OIL AND GAS (1)
OVERSEAS TRADERS (3)
TEAS (1)

NEW LOWS (10)

CHEMICALS (1)
Wolstenholme
STORES (4)
Boardman (K.O.) · Lee Cooper · Goodman Brothers · Lincroft Kilgour
ENGINEERING (1)
Cronite Group
INDUSTRIALS (4)
Fogarty (E.) · Nashua · Metal Closures · UKO Int.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	16	32
Corpns. Dom. and Foreign Bonds	16	8	33
Industrials	256	211	816
Financial and Prop.	140	93	298
Oils	11	23	19
Plantations	9	2	16
Mines	14	69	75
Others	58	40	62
Totals	586	465	1,424

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Thurs., July 10, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., July 9 Index No.	Tues., July 8 Index No.	Mon., July 7 Index No.	Fri., July 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	272.64	+0.4	16.97	6.00	7.14	271.65	271.25	268.11	262.23	240.85
2	Building Materials (28)	258.49	−0.2	17.55	6.44	6.70	259.11	258.93	255.66	251.15	221.94
3	Contracting, Construction (27)	403.88	+1.2	22.85	6.06	5.22	399.02	397.82	387.28	377.90	355.47
4	Electricals (16)	759.60	+0.7	13.01	3.44	9.53	754.58	752.84	750.12	726.17	576.19
5	Engineering Contractors (11)	328.91	+1.1	20.65	7.88	6.07	325.24	322.44	312.83	310.34	379.58
6	Mechanical Engineering (74)	180.17	+0.4	17.73	7.33	6.91	179.47	179.46	176.86	173.74	179.98
8	Metals and Metal Forming (16)	170.81	−0.4	21.17	9.94	5.66	171.52	171.52	169.56	167.94	166.76
11	CONSUMER GOODS (DURABLE) (49)	228.73	+0.2	14.11	5.63	8.70	228.28	228.19	228.10	222.97	224.83
12	Lt. Electronics, Radio, TV (14)	338.92	+0.5	10.85	4.02	11.74	337.24	337.96	338.44	329.56	306.59
13	Household Goods (14)	102.16	−0.8	23.72	10.35	5.32	102.94	103.46	101.98	102.11	157.42
14	Motors and Distributors (21)	102.81	−0.5	22.30	9.65	5.18	103.34	102.37	102.06	100.46	115.03
21	CONSUMER GOODS (NON DURABLES) (172)	237.78	−0.7	17.36	6.76	6.95	239.54	240.12	240.09	235.85	232.08
22	Breweries (14)	304.29	−0.3	14.87	6.05	7.85	305.09	306.45	305.64	301.16	273.83
23	Wines and Spirits (5)	320.09	−0.5	17.02	5.84	7.24	321.58	322.92	320.12	309.59	306.18
24	Entertainment, Catering (17)	345.93	−0.9	16.69	6.47	7.43	349.24	349.15	349.80	342.09	309.41
25	Food Manufacturers (21)	216.36	−0.2	18.58	6.89	6.34	216.86	216.99	216.50	214.15	202.52
26	Food Retailing (13)	330.48	−1.0	12.74	4.79	9.37	333.69	339.64	337.47	331.86	292.52
32	Newspapers, Publishing (13)	452.81	+0.7	21.08	6.46	6.41	449.87	452.76	453.98	455.08	418.26
33	Packaging and Paper (15)	136.52	−0.7	26.18	9.59	4.44	137.51	136.74	136.46	134.18	123.14
34	Stores (42)	225.30	−0.3	13.64	5.47	9.45	225.97	226.41	227.73	223.28	238.47
35	Textiles (24)	140.24	+0.1	23.29	11.07	5.23	140.15	140.11	140.47	139.13	156.40
36	Tobaccos (3)	229.25	−4.1	25.65	10.15	4.42	239.06	239.09	238.18	232.14	238.18
37	Toys and Games (5)	27.30	—	44.54	13.97	2.60	27.30	27.24	26.95	27.25	70.37
41	OTHER GROUPS (99)	227.01	−0.1	16.34	6.78	7.27	227.29	227.81	228.85	225.70	197.65
42	Chemicals (16)	322.83	—	19.22	7.46	5.96	322.77	324.45	326.53	323.[illegible]	269.63
43	Pharmaceutical Products (7)	229.87	−0.5	11.01	6.01	11.23	231.05	231.93	241.07	235.18	213.30
44	Office Equipment (6)	113.16	−0.8	19.25	7.33	5.94	114.08	114.32	112.95	112.52	118.52
45	Shipping (10)	588.34	+1.2	13.05	6.00	9.34	581.63	579.49	584.76	571.14	460.15
46	Miscellaneous (60)	277.13	−0.2	16.31	6.57	7.51	277.71	277.72	274.52	271.16	299.85
49	INDUSTRIAL GROUP (492)	250.96	−0.2	16.79	6.49	7.18	251.54	251.83	251.32	246.76	232.41
51	Oils (8)	797.03	−1.3	28.97	6.46	3.81	807.71	806.63	802.91	823.35	683.21
59	500 SHARE INDEX	294.26	−0.5	19.27	6.48	6.08	295.61	295.80	295.84	292.31	268.55
61	FINANCIAL GROUP (118)	228.78	+0.2	—	5.49	—	228.35	228.26	228.47	224.59	189.18
62	Banks (6)	239.84	+0.6	40.67	6.78	3.01	238.47	237.54	236.39	233.04	236.03
63	Discount Houses (10)	270.47	—	—	6.53	—	270.57	270.48	265.29	263.26	265.84
64	Hire Purchase (5)	238.49	−0.1	13.10	4.20	9.91	238.76	235.11	234.16	226.22	163.94
65	Insurance (Life) (10)	223.17	−1.0	—	5.71	—	225.45	226.56	226.09	220.09	151.45
66	Insurance (Composite) (9)	153.27	−0.4	—	7.02	—	153.92	154.86	156.43	153.17	120.71
67	Insurance Brokers (9)	334.70	+0.3	13.88	6.84	9.89	333.85	339.29	343.75	334.63	241.16
68	Merchant Banks (13)	133.62	+0.9	—	5.04	—	132.45	133.12	132.68	132.85	97.53
69	Property (45)	426.13	+0.7	3.30	2.72	42.74	422.97	420.23	420.53	414.23	349.40
70	Miscellaneous (11)	139.22	+0.3	15.78	6.27	8.05	138.83	138.19	137.77	137.25	119.22
71	Investment Trusts (109)	261.12	−0.1	—	5.33	—	261.33	262.51	254.78	251.73	207.94
81	Mining Finance (4)	244.69	−1.3	11.03	4.03	10.93	248.03	247.76	243.26	245.63	117.61
91	Overseas Traders (19)	405.24	−0.3	12.34	6.91	9.95	406.36	405.65	401.63	398.65	333.90
99	ALL-SHARE INDEX (750)	281.01	−0.3	—	6.16	—	281.98	282.14	280.95	278.10	245.59

FIXED INTEREST PRICE INDICES

	British Government	Thurs., July 10	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.60	+0.03	—	5.26
2	5-15 years	113.45	+0.07	—	6.77
3	Over 15 years	118.68	+0.26	—	7.39
4	Irredeemables	132.03	—	—	7.26
5	All stocks	112.56	+0.11	—	6.69

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., July 10	Wed., July 9	Year ago (approx.)
1	Low Coupons	5 years	11.46	11.47	10.26
2		15 years	11.43	11.43	11.73
3		25 years	11.43	11.43	11.73
4	Medium Coupons	5 years	12.92	12.89	12.27
5		15 years	12.95	12.95	12.31
6		25 years	12.90	12.90	12.27
7	High Coupons	5 years	13.05	13.01	12.52
8		15 years	13.29	13.32	12.48
9		25 years	13.09	13.09	12.40
10	Irredeemables		11.12	11.11	10.64

		Th'rsday, July 10 Index No.	Yield %	Wed. July 9	Tues. July 8	Mon. July 7	Friday July 4	Thurs. July 3	Wed. July 2	Tues. July 1	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.39	13.88	53.33	53.35	53.19	53.08	53.04	53.00	52.99	57.52
16	Investment Trust Prefs. (15)	49.97	13.54	49.97	49.97	49.97	49.97	49.52	49.52	49.34	50.69
17	Coml. and Indl. Prefs. (20)	65.08	13.77	64.67	64.61	64.50	64.42	64.46	64.35	[illegible]	69.89

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Lonrho	25p	11	112	− 3	116	78
Coalite "New"	Nil/pd.	10	39pm	—	42pm	31pm
LASMO	25p	10	770	−13	830	337
Burnett, H'shire.	25p	8	760	+50	760	470
Racal Electronics	25p	8	275	+ 7	275	175
European Ferries	25p	7	187½	+ 2½	189	98
GEC	25p	7	444	+ 2	452	326
Ultramr	25p	7	356	−10	384	206
BP	25p	6	352	− 8	412	320
Ferranti	50p	6	644	+14	645	400
ICI	£1	6	384	—	402	348
Imperial Group	25p	6	81½	− 8	89½	71½
Marks & Spencer	25p	6	95	− 1	97	77
Premier Cons.	5p	6	97	− 1	109	39¼
Tricentrol	25p	6	364	−12	414	250

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17

For rate indications see end of Share Information Service

Call options were dealt in BP, Aran Energy, KCA, Lonrho, Muirhead, FNFC, Premier Oil, Town and City Properties, Tebbitt Brothers, Cons. Gold Fields, Arrow Chemical, Attock Oil, Carless Capel and MFI. Puts were arranged in Associated Dairies, Bejam, BSG and Lonrho, while doubles were completed in Aran Energy and Lonrho.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	505	280	Global Nat.Res.O.Shs	455	+15	—	—	—	—
75	F.P.	—	80	74	Harrison Cowley	78	—	[illegible]	[illegible]	[illegible]	[illegible]
55	F.P.	20/6	90	74	Horn Farm Prods 10p	90	—	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	14	7½	Jenkin & Purser	7½	—	—	—	—	—
185	F.P.	27/6	91	79	Oakwood Group	80	—	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	27/6	110	91	Peerless	91	—	[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	—	112	106	S.P.O. Minerals 10p	106	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‡	Nil	25/7	14pm	9pm	British Home Stores 9% Cnv. Ln. '92	12pm	—
—	F.P.	22/8	101	96	Cowie (T.) 10½% Conv. Red. Cum. Pref.	95½	—
—	F.P.	—	100½	100	Dalel 8½% Conv. Sds. due 1995	100	—
98	F.P.	—	103½	101½	Folkestone & District Water 16% Red. Pref. '85	103½	—
100	F.P.	—	68	63½	London & Midlands 8½% Cv. Deb. '89-94	68	+½
‡	F.P.	—	103	101½	North Surrey Water 16½% Red. Pf. 1985	101½	—
‡	£10	—	13	11½	South Staff. Water 8% Red. Pf. '85	13¼	+¼
‡	£10	—	£13¼	£12½	Sunderland & S.Shields Wtr 8½% Red. Pref. 1985	£13¼	+¼

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
105	Nil	14/7	15/8	20pm	Astbury & Madeley	14pm	—
152	Nil	25/7	8/9	30pm	Berisford (S. & W.)	23pm	−2
18	F.P.	4/7	1/8	144	Brown & Jackson	140	—
115	F.P.	20/6	25/7	132	Carless Capel	140	−5
155	Nil	—	—	22pm	Charterhall	19pm	—
85	Nil	—	—	42pm	Coalite	39pm	—
64	F.P.	11/6	25/7	81	Essco	80	—
630	Nil	15/7	8/8	62pm	Harrison & Crosfield	50pm	+5
110	Nil	30/6	18/7	21½	Hawley Leisure	19	—
20	F.P.	—	—	24	Hazlewood Foods	24	—
265	F.P.	1/7	15/8	336	Land Securities	356	+4
118	F.P.	4/7	25/7	134	Linfood	134	—
25	F.P.	—	—	148	Lloyds & Scottish	163pm	—
185	Nil	—	—	6pm	Mallinson-Denny	4pm	—
30	Nil	—	—	435pm	Pancontinental	320pm	+5
60cts	Nil	—	—	159	Silverminss	14pm	—
98	F.P.	20/6	18/7	126	Thurgar Bardex	15pm	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R2.50 per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
[illegible]

Henderson Baring Group
[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
[illegible]

Hill Samuel Invest. Mgmt. Intnl.
[illegible]

N.V. Interbeheer
[illegible]

International Pacific Inv. Mgmt. Ltd.
[illegible]

Jardine Fleming & Co. Ltd.
[illegible]

Leopold Joseph & Sons (Guernsey)
[illegible]

Keyser Ullmann Ltd.
[illegible]

King & Shaxson Mgrs.
[illegible]

Kleinwort Benson Limited
[illegible]

Lloyds Bk. (C.I.) U/T Mgrs.
[illegible]

Lloyds Bank International, Geneva
[illegible]

M & G Group
[illegible]

Management International Ltd.
[illegible]

Midland Bank Tst. Corp. (Jersey) Ltd.
[illegible]

Samuel Montagu Ldn. Agents
[illegible]

Murray, Johnstone (Inv. Adviser)
[illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd.
[illegible]

Negit S.A.
[illegible]

N.E.L. International Ltd.
[illegible]

Newport Trust Managers Ltd.
[illegible]

Pacific Basin Fund
[illegible]

Phoenix International
[illegible]

Providence Capitol Life Ass. (C.I.)
[illegible]

Quest Fund Mngmnt. (Jersey) Ltd.
[illegible]

RBC Investment Managers Limited
[illegible]

Richmond Life Ass. Ltd.
[illegible]

Rothschild Asset Management (C.I.)
[illegible]

Rothschild Asset Mgt. (Bermuda)
[illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd.
[illegible]

Save & Prosper International
[illegible]

Schroder Life Group
[illegible]

For Schlesinger International see Britannia/Schlesinger

J. Henry Schroder Wagg & Co. Ltd.
[illegible]

Sentry Assurance International Ltd.
[illegible]

Singer & Friedlander Ldn. Agents
[illegible]

Standard Chartered Intl. Bd. Fd.
[illegible]

Stronghold Management Limited
[illegible]

Surinvest (Jersey) Ltd. (x)
[illegible]

Surinvest Trust Managers Ltd.
[illegible]

TSB Unit Trust Managers (C.I.) Ltd.
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
[illegible]

Tokyo Pacific Holdings N.V.
[illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V.
[illegible]

Tyndall Group
[illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd.
[illegible]

United States Tst. Intl. Adv. Co.
[illegible]

S. G. Warburg & Co. Ltd.
[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
[illegible]

Wardley Investment Services Ltd.
[illegible]

World Wide Growth Management
[illegible]

Wren Commodity Trust
[illegible]

NOTES
[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.1	52.8	+0.1	1.89
Abbey Capital	40.4	43.0	.....	4.77
Abbey General	52.5	56.0	-0.1	5.09
Abbey Gilt & F.I. Tst.	111.8	117.3	+0.9	9.12
Abbey Income	47.5	51.4xd	+0.2	7.85
Abbey Intl. Bd. Tst.	95.9	101.5xd	.....	5.42
Abbey Inv. Tst. Fnd.	45.7	47.2	.....	5.41
Equitas Prog. Trust	77.2	83.5	+0.3	5.37

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.9	96.0	+2.1	11.77

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	84.9	90.8	.....	5.84
Brit. Inds. Fund	74.3	79.5	+0.2	5.54
Growth & Income	45.6	48.8xd	.....	5.70
Elect. & Ind. Dev.	41.4	44.3	+0.2	5.53
Allied Capital	86.4	92.4	+0.1	4.82
Hambro Fund	127.9	136.9xd	+0.4	6.36
Hambro Acc. Fund	161.5	172.8	.....	5.21
Income Funds				
High Yield Fd.	68.3	73.1	+0.2	9.92
High Income	75.6	81.3	.....	7.52
A. H. Eq. Inc.	43.3	46.3xd	-1.4	7.86
Govt. Secs.	26.0	26.7	+0.2	8.43
International Funds				
International	30.3	32.4	.....	3.33

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.2	69.6	.....	4.19

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	39.5	43.1	+0.1	11.26
North American	47.5	51.4	+0.2	2.31
Canadian Exempt*	60.9	64.8	.....	5.80
Canadian Trust	57.6	24.2	-0.2	2.65
Mid Mount High Inc.*	50.5	53.2	.....	9.30
Recovery	55.6	59.5	+0.1	6.97
Gilt Trust	45.7	47.3	+0.1	12.82

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	28.1	30.3	+0.2	1.24
Cres. Internat'l.	62.5	67.4	+0.6	2.60
Cres. High. Dist.	41.5	44.8	.....	10.88
Cres. Reserves	48.9	52.8	-0.1	5.68
Cres. Tokyo	20.7	22.4	+0.1	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	—	25p	.....	9.99

Discretionary Unit Fund Managers
Bilbao Hse., 36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. June 27	208.9	222.8	.....	5.88

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.64
Gt. Winchester O'seas	20.9	23.0	.....	4.79

Emson & Dudley Tst. Mngmt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	80.9	87.0	+7.3	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.5	86.8	.....	4.90

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	51.4	54.5	+0.2	1.98
(Accum. Units)	54.1	57.3	+0.3	1.98
American Recovery	50.3	53.5	+0.3	2.30
(Accum. Units)	51.1	54.2	+0.2	2.30
Australasian	107.9	116.0	-0.2	0.72
(Accum. Units)	112.4	120.8	-0.1	3.42
Commodity	119.2	127.0	-1.0	3.42
(Accum. Units)	136.9	145.8	-1.2	3.42
Compound Growth	149.9	161.1	-0.5	3.96
Conversion Growth	100.2	106.7	-0.9	2.95
Conversion Inc.	75.8	80.7	+0.2	9.47
Dividend	133.0	141.6xd	+0.1	9.07
(Accum. Units)	285.1	303.6	+0.2	9.07
European	61.3	65.3xd	-0.6	3.25
(Accum. Units)	66.4	70.7	-0.0	3.25
Extra Yield	87.2	94.6	+0.3	9.95
(Accum. Units)	131.5	142.7	+0.4	9.95
Far Eastern	80.2	85.4	+0.6	1.63
(Accum. Units)	90.6	96.5	+0.6	1.63
Fund of Inv. Tsts.	78.0	83.9	+0.2	4.73
(Accum. Units)	103.0	110.7	+0.3	4.73
General	209.8	225.5	-0.3	6.19
(Accum. Units)	355.3	381.9	-0.4	6.19
High Income	109.9	117.0xd	+0.5	9.67
(Accum. Units)	211.2	224.9	+0.8	9.67
Japan	133.1	141.8	+1.3	0.87
(Accum. Units)	139.1	148.1	+1.3	0.87
Magnum	321.9	342.8	-2.9	4.55
(Accum. Units)	428.5	456.3	-3.9	4.55
Midland	168.1	179.0	+0.3	9.44
(Accum. Units)	309.7	329.8	+0.5	9.44
Recovery	120.5	128.3	+0.6	5.85
(Accum. Units)	132.6	141.2	+0.6	5.85
Second Gen.	218.6	235.0xd	-0.1	5.36
(Accum. Units)	357.9	384.7	-0.3	5.36
Smaller Companies	236.6	252.0	+0.1	4.55
(Accum. Units)	314.5	334.9	+0.2	4.55
Specialised Funds				
Trustee	165.3	177.7	+0.3	6.86
(Accum. Units)	358.3	385.2	+0.7	6.86
Charibond July 8	106.0		—	11.60
Charifund July 8	165.0	167.5	.....	8.77
Pension Ex. July 7	166.4	175.6	.....	6.42

ManuLife Management Ltd.

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 8	135.3	145.4xd	.....	3.25
(Accum. Units)	171.8	184.7	.....	3.25
Income Fd. July 8	202.4	217.6xd	.....	8.39
(Accum. Units)	337.8	363.2	.....	8.39
Gen. July 9	106.1	114.0xd	.....	4.46
(Accum. Units)	141.6	152.2	.....	4.46
Europe July 10	25.4	27.3	+0.3	3.33
(Accum. Units)	29.4	31.6	+0.3	3.33
*Pn&ChFd June 30	209.0	215.5	.....	5.06
*Recovery July 8	254.4	262.2	.....	5.56
*Spec. Ex. July 8	350.6	361.4	.....	3.45

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	60.6	63.9	.....	5.21
Accum. Units	74.8	79.6	.....	5.21

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4 (Admin Office) 01-623 4951

Unvl Gth Tst Acc.	33.2	35.4	.....	4.08
Unvl Gth Tst Inc.	25.6	27.3xd	.....	4.08

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	64.7	68.8	-0.2	1.97
Accum. Units	71.1	75.7	-0.3	—
Withdrawal Units	45.5	48.5	-0.1	—
***Stewart British Capital Fund**				
Standard	167.0	177.2	.....	6.53
Accum. Units	193.0	204.9	.....	6.53

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. July 9	£302.10	318.10	.....	5.04
♥The Family Fd.	124.7	132.6	+0.4	5.03

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$138.54	145.70	.....	1.53

Next dealing July 25.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$11.14	—	.....	—

Net asset value July 8

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.07	10.09xd	.....	9.75
AHR Gilt Edg. Fd.	£12.32	12.38	.....	13.25

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily dis.: July 9 0.000223 (8.5% pa).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst. (CI)	123.0	129.0	+4.0	2.91

Dealing last Thurs. of S. Ex. account.

Gov't Secs. Tst. (CI)	87.5	81.1xd	+0.6	14.00

Daily Dealings.

Sterling Fd.	112.8	112.9	.....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$113.4	113.99	.....	8.12

Prices at June 26. Next sub. day July 2.

Banque Bruxelles Lambert

For Schlesinger Trust see Britannia/Schlesinger

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or −	Int.	Red.
90½	82¼	Aust. 5½pc '81-82	89¾	.....	6.23	13.29
82¼	72½	Do. 6pc 1981-83	82¼	+¼	7.34	12.81
64¾	58	N.Z. 7¼pc 1988-92	64¾	+½	11.22	13.20
78¼	72	Do. 7½pc '83-86	78¼	+½	9.58	12.02
96¼	88	Sth. Africa 9½pc '79-81	95½	+¼	10.16	15.64
160	107	Sth. Rhod. 2½pc '65-70	155#	.....	—	—
369	133	Do. 6pc '78-81	367#	.....	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
14¾	925p	Hud.B.Oil G. $2½	13¾	+½	57½	—	1.6
21⅞	13⅛	Imperial Oil	17⅛	.....	$1.40	—	3.1
14	955p	Inco	955p	−45	72c	—	2.9
565p	425p	Int. Nat. Gas $1	525p	+5	$1.00	—	7.2
475p	270p	Massey Ferg.	230p	+5	—	—	—
200p	100p	Place Gas $1	125p	.....	—	—	—

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	+1	—	—	—
105	52½	Bond Corp.	103	......	hQ2.8c	2.2	1.4
156	88	Bougainville I Kina	132	−2	hQ26.2c	1.0	10.9
265	195	BH South 50c	280	......	♦—	—	—
25	11½	Carada Northwest	20½	......	—	—	—
42	8	Carr Boyd 20c	32	......	—	—	—
£36½	£15¾	Central Pacific	£32½	......	—	—	—
356	230	Conzinc Riotinto 50c.	268	−2	Q15c	2.1	2.9
41	17	Cultus Pacific N.L.	37	+1	—	—	—
52	20	Eagle Corp. 10c	38	−2	—	—	—
27½	15¾	Endeavour 20c	23	......	—	—	—
464	175	G. M. Kalgoorlie 25c	430	−6	†Q3c	—	0.4
46	15	Great Eastern	24	......	—	—	—
457	260	Hamptn Areas 5p.	430	......	4.5	ϕ	1.5
192	30	Haoma Gold N.L.	190	+2	—	—	—
50	15	Intl. Mining	42	......	—	—	—
720	80	Leichardt Expln.	210	−10	—	—	—
72	41	Metals Ex. 50c	54	−5	—	—	—
312	187	M.I.M. Hldgs. 50c	238	−10	†tQ16.1c	1.8	3.5
21	7	Minefields Expl. 25c.	21	......	—	—	—
155	60	Mount Lyell 25c	88	−2	—	—	—
28	15	Newmetal 20c	18	−2	—	—	—
35	12	Nickelore N.L.	35	......	—	—	—
207	137	North B. Hill 50c.	173	−1	†Q12c	1.4	3.6
101	44½	Nth. Kalgurli	89	−3	—	—	—
165	90	Nth. Mining Corp.	135	......	—	—	—
164	24	N. West Mining N.L.	154	+2	—	—	—
235	144	Oakbridge $A1	205	......	Q12c	4.7	3.0
153	70	Oilmin N. L.	125	......	—	—	—
230	128	Pacific Copper	196	−4	—	—	—
465	255	Pancont'l 25c	340	+5	—	—	—
78	42	Paringa M&Ex.5p	63	......	—	—	—
495	335	Peko-Wallsend 50c.	430	......	tQ17.5c	ϕ	2.1
230	140	Seltrust A.	180	......	—	—	—
£14¾	575	Southern Pacific	£12	......	—	—	—
98	31	Swan Resources 20c.	94	......	—	—	—
34	8	West Coast 25c	34	......	—	—	—
274	177	Westn. Mining 50c.	267	−1	†Q7c	1.6	1.4
30	10	Westmex	17	−4	—	—	—
108	56	Whim Creek 20c.	95	−5	—	—	—
32	10½	York Resources	28	+1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p.	14	−1	j6.0	—	—
345	255	Ayer Hitam $M1	295	......	‡Q290c	0.9	‡
67	42	Beralt Tin	58xd	......	4.5	3.2	11.1
225	149½	Berjuntai $M1	205	......	‡Q95c	1.0	‡
230	153	Geevor	155	......	8.4	1.9	7.7
11	10	Gold & Base 12½p.	10½	......	—	—	—
460	310	Gopeng Cons.	460	......	†25.0	1.8	7.8
330	280	Hongkong	320xd	......	‡35.87	ϕ	‡
105	90	Idris 10p	94	......	14.0	1.2	21.3
15	12½	Jantar 12½p.	13	......	1.5	ϕ	16.5
92	64	Kamunting $M0.50	90	......	Q47½c	1.1	11.8
250	150	Killinghall $M1	250	......	hQ50c	ϕ	4.1
880	485	Malay Dredging $M1	765	+10	♦mQ105c	2.6	2.8
33	26	Pahang	32	......	0.44	0.3	2.0
108	90	Pengkalen 10p	90	......	6.0	1.3	9.5
305	230	Petaling $M1	305	......	†Q150c	1.4	10.3
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	22	South Crofty 10p.	24	+2	1.0	ϕ	6.0
350	180	South Kinta $M0.50.	315	......	♦Q150c	1.0	10.2
525	340	Sthn Malayan $M1	505	......	♦tQ175c	2.1	7.2
305	215	Sungei Besi $M1.	295	......	†Q520c	1.0	36.0
39	22½	Supreme Corp. $M1.	38	......	hQ8c	—	4.3
103	90	Tanjong 15p	100	......	5.75	6.0	8.2
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
330	220	Tronoh $M1	290	......	Q250c	0.7	17.5

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	215	−15	mQ10c	ϕ	2.7

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	145	−5	—	—	—
97	52	Barymin	57	......	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
502	308	Cons. Murch. 10c.	330xd	−10	MQ100c	1.8	17.3
180	108	††Hemerdon 10c.	108	......	—	—	—
585	325	Northgate C$1	415	......	—	—	—
485	327	R.T.Z.	462	−5	15.0	3.2	4.6
33	16	Robert Mines	28	+2	—	—	—
58	26	Sabina Inds. C$1.	30	......	—	—	—
51	44	††SWCM 10p	45	−2	—	—	—
650	411	Tara Exptn. $1	443	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	31	......
Bertam	16	......
Bdg'wtr. Est. 50p	415	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	32½	......
Finlay Pkg. 5p	18	......
Graig Ship. £1	£16½	−½
Higsons Brew	77	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	192	+2
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrshmt	102½	......
Sindall (Wm.)	145	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91⅞	+⅛
Nat. 9¾% 84/89	£79⅝	+⅝
Fin. 13% 97/02	£93⅝	+½
Alliance Gas	48	......
Arnott	345	......
Carroll (P.J.)	58	+1
Clondalkin	117	......
Concrete Prods.	70	......
Heiton (Hldgs.)	32	......
Ins. Corp.	246	......
Irish Ropes	45	......
Jacob	32	......
T.M.G.	87	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4	**Property**	
Babcock	8	Ladbroke	15	Brit. Land	7
Barclays Bank	34	Legal & Gen.	15	Cap. Counties	9
Beecham	10	Lex Service	8	Land Secs.	24
Blue Circle	25	Lloyds Bank	24	MEPC	17
Boots	16	"Lofs"	3½	Peachey	13
Bowaters	15	London Brick	6	Samuel Props.	12
B.A.T.	20	Lucas Inds.	17	Town & City	2
Brown (J.)	6	"Mams"	14	**Oils**	
Burton 'A'	10	Mrks. & Spncr	8	Brit. Petroleum	32
Cadburys	5½	Midland Bank	26	Burmah Oil	20
Courtaulds	8	N.E.I.	5	Charterhall	10
Debenhams	8	Nat. West. Bank	27	KCA	11
Distillers	17	P & O Dfd.	10	Premier	13
Dunlop	7½	Plessey	14	Shell	35
Eagle Star	15	Racal Elect.	22	Tricentrol	48
F.N.F.C.	2¼	R.H.M.	4½	Ultramar	35
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Gen. Electric	30	Reed Intnl.	16	Charter Cons.	14
Glaxo	18	Sears	5	Cons. Gold	40
Grand Met	12	Tesco	6	Lonrho	8
G.U.S. 'A'	34	Thorn	23	Rio T. Zinc	35
Guardian	23	Trust Houses	12		
G.K.N.	20	Tube Invest.	23		
Hawker Sidd	15	Unilever	40		
House of Fraser	15	U.D.T.	5½		
		I.C.I.	27	Utd. Drapery	6½

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday July 11 1980

PAN AM AND BA WANT 14% INCREASE

Atlantic air fare rise sought

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO MAJOR North Atlantic airlines, Pan American and British Airways, are seeking permission to raise fares by nearly 14 per cent.

British Airways has asked the U.S. Civil Aeronautics Board to allow the increase from September 9. It will be making a similar request soon to the UK Civil Aviation Authority.

If the increase is approved, British Airways' first-class single fare between London and New York will go up from £594 to £675, the economy single rate from £223 to £253, and the stand-by single rate from £106 to £120.50.

Pan American has applied for similar rises. The new fares would represent the second big increase this summer. Fares went up by nearly 14 per cent on April 21. Since June last year, Atlantic fares have risen by 36 per cent.

The increase is attributed to soaring fuel costs and factors such as rising labour and en-route navigation charges, landing fees, and other direct operating costs.

Average fuel prices for most North Atlantic airlines are now about $1 per U.S. gallon and are likely to go higher before the end of this year.

They are already nearly double those of a year ago.

At the same time, summer traffic so far has been well below last year's levels.

British Airways estimates 12.9m passengers between the UK and U.S. this year, shared between it and airlines such as Pan American, Trans World Airlines, British Caledonian, Laker, Delta, Braniff and Northwest.

But it believes there could be as many as 7m empty seats—equal to 21 empty Boeing 747 Jumbo jets flying each way every day.

The recession has cut business travel substantially and dearer fares are deterring other travellers.

It is not known whether other airlines will follow the British Airways and Pan American example.

All airlines on the route have the same fuel price increases and low traffic problems—although those flying holiday-makers to Miami have found business so far this summer better than on scheduled routes elsewhere.

British Caledonian said it had no plans for fare increases at present.

● The U.S. Federal Aviation Administration is to investigate a "near miss" involving a British Airways London-bound Boeing 707 and a light aircraft at New York's Kennedy Airport yesterday.

The Boeing was climbing out of the airport when a Cessna twin-engined light aircraft passed within 450 feet of it. A few seconds later, a Trans World Airlines 707, which had taken off after the British jet, reported a near miss involving the same light aircraft.

There has been increasing concern among scheduled airlines at the dangers of collision with light aircraft in the crowded air traffic zones around major U.S. airports, including Chicago and Kennedy.

Distillers loses whisky appeal

By Gareth Griffiths

THE DISTILLERS Company yesterday lost a two-year battle to persuade the European Court of Justice to overrule an EEC Commission ban on the dual pricing of Scotch whisky.

The Court in Luxembourg rejected Distillers' appeal and ordered it to pay all costs.

The company said last night it was disappointed, although the decision had been widely expected after the Court's Advocate General recommended in March that the appeal should fail on a technicality.

But his report broadly endorsed Distillers' attempts to protect its overseas markets, in spite of his final recommendation. The text of yesterday's judgment was unavailable in London last night. But if it is in line with the Advocate General's approach, the matter may be re-opened either by a fresh appeal by the company or by another whisky exporter.

For the time being, the decision means the Johnnie Walker Red Label and Dimple Haig whiskies, withdrawn from the UK market in December 1977, will remain export-only brands. Distillers charged lower prices in the UK for these whiskies between 1975 and 1977.

It had tried to persuade the court that the Treaty of Rome allowed for trading which improved distribution, and that its European distributors had to bear heavy promotional costs amounting to £5 a case. Its lawyers submitted that the commission's competition policy department behaved in an irregular manner.

In its judgment, the court refused to comment on suggestions of irregularities. Distillers had not notified the commission on its dual pricing, which meant the court had been unable to look at the way its trade practices department, DG4, had handled the case. On this technicality, Distillers lost its case.

In a separate judgment, the court ordered the French Government to lift a ban on Scotch whisky advertising. The court found the French anti-alcohol code discriminated against whisky and Dutch gin.

Scotch whisky makers are sceptical about the effects of the decision. Scotch advertising has been banned by the Bureau de Vérification de la Publicité, although there are no restrictions on advertising wine, cognac, rum, liqueurs or armagnac.

THE LEX COLUMN

The morning of February 12

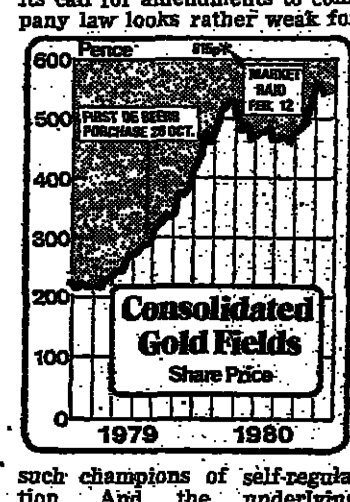
Brokers and jobbers do not come any bigger or more respectable than Rowe and Pitman or Akroyd and Smithers, so the activities of these two firms in carrying out the wishes of South African interests centred on De Beers to the obvious consternation of the British company Consolidated Gold Fields, over a period of some four months, say something fundamental about attitudes within the London stock market. Such firms regard it as entirely legitimate to find ways around the law, in this case by conniving at the accumulation of a series of 4.99 per cent stakes rather than exceeding the 5 per cent level which would trigger disclosure under the Companies Acts: they consider that it is proper to take advantage of a privileged position to their own financial benefit and that of their clients; and they jealously claim rights of confidentiality, even when in discussions with Stock Exchange officials.

Such attitudes could appear questionable set out in these terms. Yet the London Stock Exchange has a proud history as an efficient and free market, in which generally speaking both buyers and sellers have received a fair crack of the whip. The effectiveness of the market has depended on the existence of many competing investors, brokers and market makers. In such conditions the readiness of a broker to act solely in the interests of his client has not disturbed the general equilibrium; indeed the clients would not have it otherwise. And the opportunities for dealers to influence large and active markets have been strictly limited.

But the Gold Fields affair shows that a watershed has been passed. Immense portfolios have come under the control of a comparatively few large institutional investors who are readily available on the telephone. Dealing is carried out by a handful of big jobbing firms, which occasionally find themselves in the position of knowing of major transactions. Akroyd, for instance, knew that De Beers was proposing to buy 11 per cent of Gold Fields in the market at a fixed price and were able (along with other jobbers) to go short of 1.2m shares. The profit on this, given that the share price subsequently dropped sharply, could well have been of the order of £1m. Out of the 16.5m shares of Gold Fields bought on February 12, 13.5m came from clients of Rowe and Pitman, and it would appear that only a sixth of the total shares came from third parties.

Index fell 3.6 to 489.4

The Stock Exchange's response, in terms of a new code for market raids, is sensible enough as far as it goes. But its call for amendments to company law looks rather weak for



such champions of self-regulation. And the underlying problems remain to be tackled: that the Stock Exchange will have to rely more and more on tighter controls (especially on jobbers) and less on the natural balance of market forces.

Imperial Group

Five months into its present financial year, Imperial Group was looking for an advance in profits before tax, if not a dramatic one, and there is certainly nothing dramatic about the interim rise from £68.0m to £68.5m. But the pressure on consumer spending has persuaded Imps to lower its forecast, and it does not now expect to match the £136.7m it made in the year to Octboer 1979.

So profits seem likely to emerge in the £130m range for the fifth year running, a staid performance even for a group which allows itself the luxury of thinking in decades. It is all the more disappointing since the second half will benefit from the inclusion of Howard Johnson for 4½ seasonally strong summer months, which should mean a substantial contribution, net of financing costs.

At the level of earnings per share, the group is embarrassed by a sharp rise in the tax charge, and its dividend is nowhere near covered by current cost earnings. Imps' failure to produce higher profits leaves it obliged to provide for some advance corporation tax which now looks irrecoverable, and the fall in stocks at present in progress will mean a jump in the mainstream tax charge. At the same time, having exchanged its BAT shares for gilt-edged stocks Imps no longer has a flow of franked income to put towards the dividend. The interim payment is unchanged and there seems no reason for the group to burden itself with a higher final.

The good news, as usual, comes from tobacco, where Imps is in its element. Trading margins have been pushed up from 4 per cent to 4.9 per cent—helped by some loss elimination and a good pre-Budget period—and pre-interest profits for the year to October should emerge around £90m, against £78.6m. In the food division the North American poultry business has joined Eastwoods in the corporate casualty ward. In the last few weeks UK broiler prices have begun to rise, but the UK egg market remains disastrously weak. The brewing division's trading profits are inflated by the transfer of Imps' Harp assets from associate to subsidiary status in the second half. Courage is suffering from a decline in volume.

The shares have now returned to a yield of above 13 per cent, dropping 8p yesterday to 81½p: the steepness of the fall perhaps suggests that the equity market is unprepared for the next few months' corporate profits news.

Sotheby

The first-half results of Sotheby may not have been sparkling, although they record a respectable enough advance of 11 per cent in pre-tax profits to £4.8m. The 45p drop in the share price yesterday to 500p was due more to the statement that profits are expected to stand still for the full year, in spite of the successful New York sale of Impressionists in May. The difficulties stem not from the fine art market, where prices of top quality items have been buoyant, but rapid increases in costs as the company continues to expand.

As well as higher capital expenditure, Sotheby is now opening more provincial auction houses, where margins tend to be lower, while the strength of U.S. sales is less than fully reflected in the results because of the rise in sterling. Christies, which is likely to push up profits by 20 per cent or so this year to £7½m, is now snapping at the heels of Sotheby, where last year's out-turn was £8.2m. With a prospective p/e a couple of points lower and a higher yield, Christies looks cheaper on fundamentals, although the last 100p or so in the Sotheby share price is the heritage of the bid rumours early in the year.

Poland set to secure $300m Euro loan

By Christopher Bobinski in Warsaw and Francis Ghilès in London

POLAND APPEARS to be close to securing a $300 to $350m loan on the Eurocurrency market following discussions yesterday between leading international banks and a delegation from Bank Handlowy in London.

A management group is now being formed, and it is understood the Poles will pay 1¼ per cent over the London Inter-Bank Offered Rate (LIBOR) for seven years, with three-year grace period.

News of progress on the loan coincided with fresh signs of the strains placed on the Polish economy by the Government's strategy of diverting resources to exports.

There were further strikes at several major Polish factories yesterday, despite a televised pledge on Wednesday night by the Communist Party leader, Mr. Edward Gierek, that low-paid workers and pensioners would be shielded from the effects of higher prices.

Workers at the FSO Zeran motor works, one of the largest plants in Warsaw, struck in support of a claim for higher wages and a demand that recent meat price increases should be withdrawn. There were reports of similar stoppages in at least two other major factories.

In his broadcast, Mr. Gierek warned workers they would have to absorb part of the higher prices caused by a meat shortage resulting from last year's bad harvests, and by butter shortages resulting from a cut in purchases from the EEC. Wages and state expenditure could rise only in line with productivity gains.

Despite continued resistance to the government's austerity programme, Mr. Richard Karski, Foreign Trade Minister, yesterday announced that Poland achieved a $198m surplus on its hard currency trade during the first six months of this year. During the period exports to hard currency customers rose 30 per cent to more than $4bn.

Banks joining the management group for the Euro-loan are satisfied that the Poles have provided them with more information than in the past. The information concerns their debt repayment schedule, the breakdown between relatively cheap government-backed export credits and bank borrowings, and the basis of calculation for the country's hard currency earnings.

Not all the 12 banks which jointly led last year's $550m loan to Poland are expected to be prepared to join the new lead managers' team. Those which choose to be among the lead managers will underwrite $25m each, while managers will commit themselves for $10-15m.

Prime Minister supports Prior idea of unpaid labour

BY RICHARD EVANS AND JOHN LLOYD

THE Prime Minister gave general support yesterday to the controversial suggestion of Mr. James Prior, Employment Secretary, that unemployed workers might be encouraged to do voluntary work, in spite of trades union leaders' opposition.

Ministers quickly moved to dispel any remaining idea that there would be any element of compulsion, or that those who refused would lose unemployment benefit, but it was confirmed that various ideas are under discussion in Whitehall.

Mr. Prior, who yesterday opened a new chemical plant at Widnes, Cheshire, called for public debate on the issue. "What is required more than anything else is an administrative network to which the unemployed could go when they wanted to do this on a voluntary basis," he said.

There was "immense worry" in the Government, he said, over the level of unemployment, and his idea was backed by other Cabinet members.

"Some 340,000 people have been unemployed for over a year or more and the figures from the Manpower Services Commission show that it is going to rise to half a million over the next year. We know the long-term unemployed have greater health and mental problems than the rest of society."

Mrs Thatcher, questioned by Labour MPs, endorsed the Employment Secretary's belief that "a number of unemployed people as well as getting something out of the system would like to put something in and spend some time doing social work. We have had preliminary suggestions to that end and we are pursuing them."

The purpose of any scheme would be to ameliorate the worst aspects of unemployment, particularly among young people, by giving them the opportunity of voluntary work in hospitals and other public-service jobs.

Some cash might be transferred from other departmental budgets to help with administration but there is at present no intention of increasing further the total amount of money available for job-creation schemes.

Mr. James Callaghan, Opposition leader, dismissed the proposal, first mentioned by Mr. Prior at a Commons committee hearing on Wednesday, as irrelevant. He said it was no solution to the growing problem of rising unemployment.

Trades union leaders yesterday dismissed Mr. Prior's idea. Mr. Fred Jarvis, general secretary of the National Union of Teachers, said he thought it "added insult to injury."

Mr. Bill Whatley, general secretary of the shopworkers union, USDAW, said: "The real answer is to provide more permanent jobs in both manufacturing industry and the service sector."

Mr. Prior's remarks on Wednesday came only a few hours after the TUC's powerful economic committee had decided to make unemployment the main theme of its campaign for social and economic advance.

The TUC feels that unemployment is now the most serious issue in the economy, and one on which the Government is on its weakest ground.

It is considering plans to organise unemployed workers, together with pensioners and other sectors of the community not presently catered for by unions.

News Analysis, Page 10; Callaghan attacks Thatcher, Page 11

Labour clash over 'manifesto'

BY ELINOR GOODMAN

THE Labour Party is set for another pre-conference skirmish over the status of the collection of party policies published yesterday by the National Executive as a "draft manifesto."

Immediately dismissed by the moderates as nothing more than a discussion document.

Supporters of Mr. James Callaghan, the party leader, on the NEC are determined to fight off any attempt by Mr. Anthony Wedgwood Benn to put the document to the annual conference.

Discussion on the NEC is likely to centre on the constitutional position of the document. But, in effect, it will be just another manifestation of the battle for power in the party. The question of who should have the final say on the manifesto—is one of three constitutional issues splitting the party.

Mr. Callaghan's camp is worried that Mr. Benn may use the package of full-blooded socialist measures published yesterday to gain support for a change in the rules governing the drafting of manifestos at this year's party conference. This could have a fundamental effect on the future of the party as it would reduce the influence of the leadership over the contents of the manifesto.

Yesterday, Mr. Callaghan's supporters treated the document with studied disdain. The document was not, they insisted, a draft manifesto, as it had not been through the joint meeting of the shadow Cabinet and the NEC which—until the constitution is changed—still has to agree a manifesto.

Dr. David Owen, the Shadow Energy Minister, who is regarded as a moderate, said he was treating it with "a degree of amusement." The general tactic of the moderates was to do nothing which might elevate its status above that of just another document published by the executive.

Nevertheless, the document is embarrassing to the party leadership. In it is practically every goal dear to the Left. It proposes a major extension of public ownership in fields like banking and construction, re-nationalisation without compensation, reflation of the economy and controls on multinational companies.

Also included are proposals like the abolition of the Lords and the option of withdrawing from the Common Market.

Activists' dream, Page 11

Continued from Page 1

Sharp UK jobless rise forecast

and other Social Security benefits, to be laid before Parliament shortly, would provide for increases of that amount.

Sir Geoffrey, replying to a Labour attack on the "intolerable damage" being inflicted on industry by the Government's policies, claimed that his strategy was working and that the foundations were being laid for industrial recovery.

"There are clear signs that we are beginning to come to terms as a nation with the realities of the industrial and economic situation" he declared.

In a series of clashes with Mr. James Callaghan, the Opposition Leader, the Chancellor said he expected industrial output to begin growing again "within the lifetime of this Parliament." Many workers were now accepting moderate pay settlements to save their jobs and their companies, he said.

Sir Geoffrey pledged the Government to maintain firm control over public sector borrowing and expenditure.

"In general, central Government expenditure is not running at a level out of line with the Budget forecasts and cash limits ... and it is being closely monitored.

"If problems arise, corrective action will be taken. We are equally determined to secure effective control of local authority expenditure."

Cash limits next year would have to be significantly below last year's levels.

Mr. Denis Healey, Shadow Chancellor, opening the debate, claimed that companies were now only able to survive by "slashing investment, abandoning research and sacking or underpaying employees."

Weather

UK TODAY

RATHER COOL but warmer in the South and West.

London, Midlands, S.E. and C.S. England, Channel Is.

Bright and dry then cloudy with possible rain. Max. 20 C (68 F).

E. Anglia, E. and N. E. England

Cloudy with scattered showers. Cool. Max. 18 C (64 F).

S.W. England, Wales, N. Ireland

Cloudy with rain. Brighter later. Max. 20 C (68F).

N.W. and Cent. N. England, Lakes, Borders, Lowlands

Cloudy, sunny intervals. Wind light. Max. 17 C (63 F).

N.E. and Cent. Scotland, Orkney and Shetland

Cloudy, sunny intervals. Cool. Max. 14 C (57 F).

Rest of Scotland, Is. of Man

Cloudy, light rain. Cool. Max. 16 C (61 F).

Outlook: Unsettled and cool.

WORLDWIDE

		°C midday Y'day	°F			°C midday Y'day	°F
Ajaccio	S	21	70	Lisbon	S	25	77
Algiers	F	25	77	Locarno	C	19	66
Amsdm.	C	18	61	London	C	14	57
Athens	S	31	88	Luxmbg.	C	11	52
Bahrain	S	37	99	Luxor	S	38	100
Barclna.	S	22	72	Madrid	F	21	70
Belfast	C	12	54	Majorca	S	25	77
Belgrd.	C	24	75	Malaga	S	24	75
Berlin	R	18	64	Malta	S	30	86
Biarritz	C	18	64	M'chstr	C	14	57
Bmghm.	C	14	57	Melbne.	C	9	49
Blackpl.	C	15	59	Milan	S	17	63
Bordx.	C	17	63	Mntreal.	S	24	76
Boulgn.	C	12	54	Moscow	C	22	72
Bristol	C	17	63	Munich	C	16	61
Brussels	R	14	57	Nairobi	C	21	70
Budpst.	F	22	72	Naples	S	25	77
B. Aires	S	13	55	Nwcstl.	C	13	55
Cairo	S	34	94	N. York	C	24	76
Cardiff	C	15	59	Nicosia	S	29	84
Cas'b'ca	S	22	72	Oslo	S	23	73
Cape T.	S	19	66	Paris	C	15	59
Chicago	S	23	74	Perth	C	14	58
Cologne	R	16	61	Prague	C	16	61
Cpnhgn.	C	19	66	Reykjvk.	R	9	48
Dublin	C	14	57	Rhodes	S	31	88
Dbrvnk.	C	26	79	Rio J'o	C	25	77
Ednbgh.	C	15	59	Rome	C	21	70
Florence	F	23	73	Salzbrg.	C	19	66
Frankft.	C	15	59	Singapr.	C	30	86
Funchal	F	21	70	Stckhm.	F	23	73
Geneva	C	14	57	Strasbg.	C	16	61
Gibrltr.	C	23	73	Sydney	C	14	58
Glasgow	F	16	61	Tangier	S	25	77
G'nsey	C	14	57	Tel Aviv	S	28	82
Helsinki	F	23	73	Tokyo	C	26	79
H. Kong	C	32	90	Toronto	S	25	78
Innsbrk.	C	16	61	Tunis	S	27	81
Invrnss.	C	12	54	Valencia	S	24	75
I.o.Man	C	14	57	Venice	F	24	75
Istanbul	S	29	84	Vienna	C	22	72
Jersey	C	15	59	Warsaw	R	15	59
Jo'burg	S	13	56	Zurich	R	12	54
L. Plms.	C	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

CARTER'S FIRST MEETING WITH HUA

Talks add to growing friendship

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PRESIDENT Jimmy Carter and Premier Hua Guo-feng of China met for the first time yesterday and discussed the Soviet invasion of Afghanistan and the Soviet-backed Vietnamese incursion into Kampuchea.

They met for 75 minutes in the morning during their Tokyo stay for the memorial service to the late Prime Minister Mr. Masayoshi Ohira.

Their discussion was described by a senior U.S. official as "largely symbolic" to the U.S.

Japanese officials dismissed speculation that the meeting should be related to the building of a U.S.-Japanese-Chinese "alliance."

There was no particular significance in the fact that the two statesmen had met in Tokyo, the official said. He said Japan remained anxious to continue its dialogue with the Soviet Union even while differing from Moscow on important matters of principle.

In a television interview before his meeting with Mr. Hua, Mr. Carter said friendly relations between the U.S., Japan and China provided a means of sharing their "long-range strategic concern to minimise the threat of the Soviet build-up."

This was exemplified by the Soviet Union's unwarranted invasion of Afghanistan and its support for Vietnam's invasion of Kampuchea, Mr. Carter said. But the relationship between Washington, Peking and Tokyo should not be used against Moscow, he said.

Premier Hua told Japanese journalists, shortly before leaving Tokyo yesterday afternoon, that he believed contacts with the West and the Third World would become increasingly important to China.

There was no indication in the Premier's remarks of any intention to create a "special relationship" among selected nations in East Asia in any way different from China's basically friendly relations with Western European countries.

EEC-Japan trade relations were discussed at a meeting yesterday morning between Mr. Wilhelm Haferkamp, EEC commissioner for external relations and Mr. Naohiro Amaya, vice-minister in charge of international affairs at the Ministry of International Trade and Industry.

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